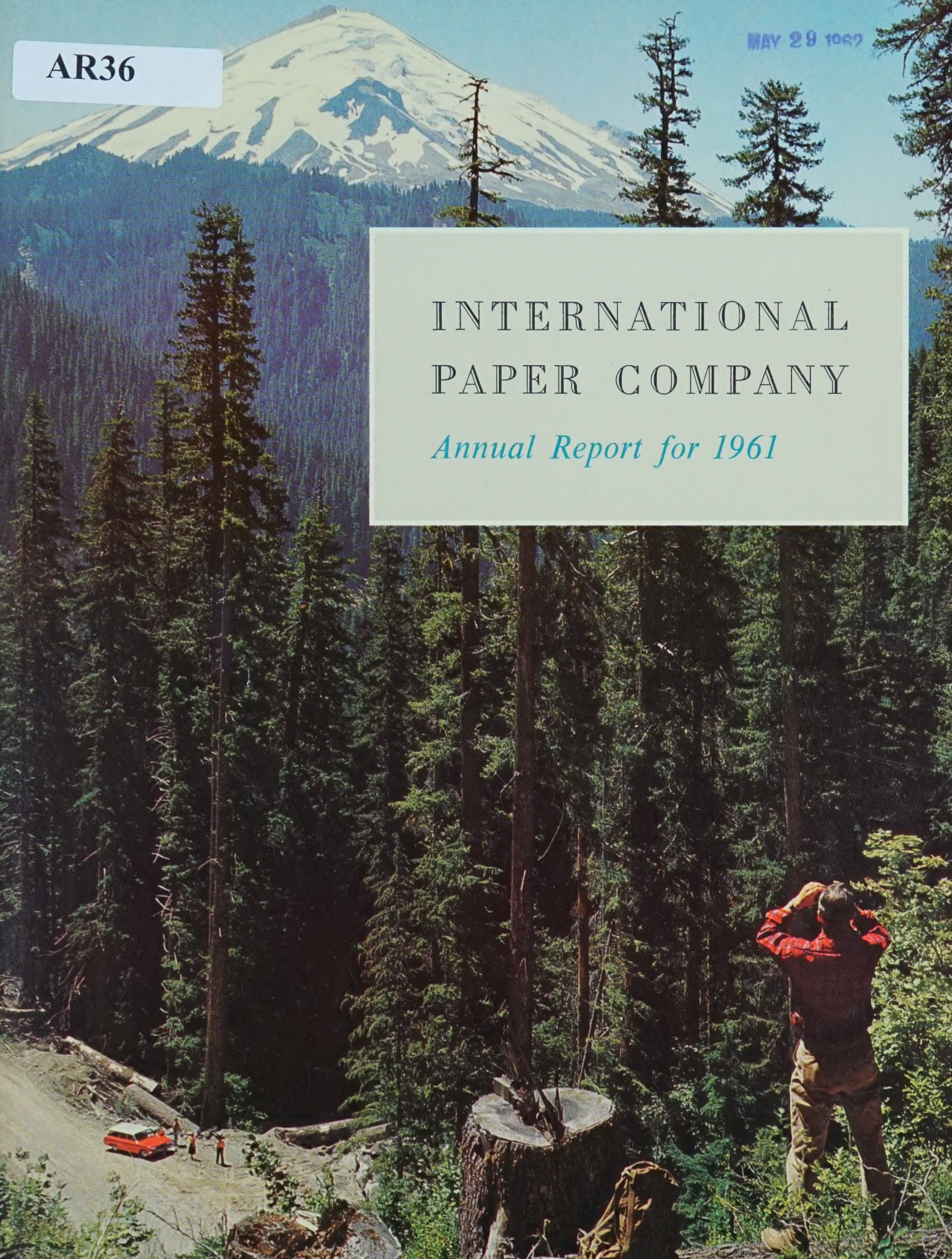


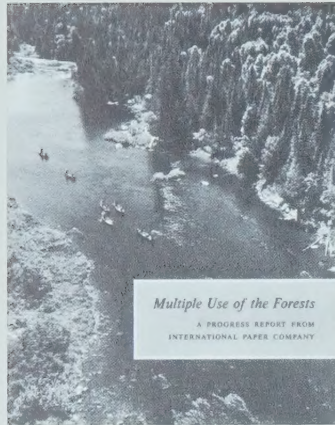
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MAY 29 1962

INTERNATIONAL
PAPER COMPANY

Annual Report for 1961





The problem of land use in the expanding societies of the United States and Canada is as broad as our continent and as vast as our future. The problem encompasses a complex range of economic, social and emotional factors in which each of us has a stake. Your Companies' position as wood processors in a growing economy makes this problem very real to us. The International Paper Companies have long believed that, in respect to the forested lands of North America, a broad policy of multiple use — use which develops the full potential of the North American forests — is in the broad public interest and supplies a practical answer to some important aspects of the land-use problem. The brochure, *Multiple Use of the Forests*, accompanying this report, describes in text and pictures some of the ways in which I-P forest managers have worked to achieve multiple use of the acres under their management.

FRONT COVER A snow-covered peak in Washington looms above an I-P forest managed for multiple use by our Long-Bell Division. Timber harvested from this area supports our new Chelatchie sawmill and plywood plant. Many of our neighbors use our logging roads to reach favorite hunting or fishing sites — or simply to enjoy the magnificent scenery, as this family is doing.

DIRECTORS

| | | |
|-----------------------|------------------|--------------------|
| HAROLD BOESCHENSTEIN | JOHN H. HINMAN | WM. J. MURRAY, JR. |
| MALCOLM G. CHACE, JR. | HARVEY P. HOOD | OGDEN PHIPPS |
| LEONARD DALSEMER | STUART E. KAY | ERLING RIIS |
| RICHARD C. DOANE | JOHN M. KINGSLEY | F. HENRY SAVAGE |
| PERCY J. EBBOTT | DONOLD B. LOURIE | ROBERT W. STODDARD |
| LAMAR M. FEARING | J. FINLEY McRAE | B. A. TOMPKINS |

OFFICERS

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RICHARD C. DOANE CHAIRMAN OF THE BOARD LAMAR M. FEARING PRESIDENT

| | | |
|-------------------------------------|---|--|
| CARLIE L. CRAIN VICE-PRESIDENT | WILLIAM S. SNYDER VICE-PRESIDENT | GEO. W. McGAW ASSISTANT TREASURER |
| LEONARD DALSEMER VICE-PRESIDENT | JOHN L. TOWER VICE-PRESIDENT | J. T. PENINGER ASSISTANT TREASURER |
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| STUART E. KAY VICE-PRESIDENT | WILLIAM A. HANWAY SECRETARY | R. T. FROST ASSISTANT SECRETARY |
| J. D. LELAND VICE-PRESIDENT | HAROLD F. LAMARCHE AUDITOR | G. A. HOBSON ASSISTANT SECRETARY |
| J. E. McCAFFREY VICE-PRESIDENT | EDWARD Z. KING, JR. COMPTROLLER | LEE HOPKINS ASSISTANT SECRETARY |
| GEORGE H. RAND VICE-PRESIDENT | JOHN E. CAMPBELL ASSISTANT TREASURER | F. L. PATRICK ASSISTANT SECRETARY |
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| ARTHUR L. ROSS VICE-PRESIDENT | JAMES W. FLATLEY ASSISTANT TREASURER | A. J. SINGER ASSISTANT SECRETARY |
| F. HENRY SAVAGE VICE-PRESIDENT | J. S. MAXWELL ASSISTANT TREASURER | L. J. RICHESON ASSISTANT COMPTROLLER |

EXECUTIVE OFFICES: 220 EAST 42ND STREET, NEW YORK 17, N. Y.

HIGHLIGHTS OF 1961 AND 1960

| | 1961 | 1960 |
|--|-----------------|-----------------|
| Production: | | |
| Paperboard, paper and market pulp — tons | 4,855,528 | 4,709,536 |
| Lumber — thousands of board feet | 217,028 | 200,170 |
| Plywood and veneer — thousands of square feet | 279,156 | 207,642 |
| Insulating board — thousands of square feet | 90,353 | 36,215 |
| Sales | \$1,044,775,840 | \$1,012,647,543 |
| Provision for Income Taxes | \$ 62,542,973 | \$ 68,847,895 |
| Per share of common stock* | \$1.50 | \$1.65 |
| Net Earnings | \$ 72,002,094 | \$ 71,668,594 |
| Per share of common stock* | \$1.71 | \$1.70 |
| Cash Dividends Paid: | | |
| Preferred stock (\$4.00 per share) | \$ 711,950 | \$ 770,040 |
| Common stock† (\$1.05 per share in 1961 and \$1.01¼ per share in 1960‡) | \$ 43,112,668 | \$ 40,730,274 |
| Common Shareholders' Equity | \$ 846,897,890 | \$ 817,473,715 |
| Per share of common stock* | \$20.31 | \$19.63 |
| Number of Shareholders at December 31 | 53,535 | 47,289 |
| Number of Full-time Employees at December 31 | 49,531 | 47,505 |
| Payroll and Employee Benefits | \$ 309,141,821 | \$ 293,739,110 |

* Computed on basis of 41,701,853 shares for 1961 and 41,644,382 shares for 1960.

† In addition stock dividends of 2% were paid in December 1961 and December 1960.

‡ The quarterly dividend in December each year was calculated on the basis of the shares issued for the stock dividend as well as on the shares previously outstanding.

TO OUR SHAREHOLDERS

DEMAND FOR paper and paperboard in the United States strengthened in 1961. The early months of the year continued the late 1960 pattern of low volume and of price weakness, but around midyear demand turned upward. Total consumption of paper and paperboard in the United States for 1961 as a whole amounted to approximately 40,400,000 tons, an increase of just over 3% above 1960.

Experience of the International Paper Companies* paralleled in general that of the industry. Their production of paperboard, paper and market pulp in 1961 ran 3.1% ahead of 1960. Production was also up for converted products and for lumber and plywood.

Sales in 1961 totaled \$1,044,775,840, up 3.2%. Net earnings amounted to \$72,002,094 (\$1.71 a share, including 12 cents from a sale of capital assets) as compared to \$71,668,594 (\$1.70 a share, including 2 cents from a sale of securities) in 1960. The continuing improvement in our operating efficiency partially offset the adverse effect of lower price levels and increased costs — especially the drop in linerboard prices and the midyear rise in labor costs.

As we move into 1962 most economists foresee increases in consumer spending and industrial production. The paper industry has already experienced increased demand for its products and can confidently expect that this increase will continue. However, it must also expect continuation of present highly competitive conditions in both domestic and foreign markets.

Price increases in recent months, including the recent increase in our container-board prices, have been encouraging. So far, however, only part of the ground lost in 1960 and 1961 has been recovered. While labor rates,

*Throughout this report, unless otherwise noted, all figures are for International Paper Company and its subsidiaries on a consolidated basis.

a major cost item, have risen each year, prices for all of our largest tonnage items are still at or below their 1957 levels.

In 1961 prices for lumber and plywood products averaged below the unsatisfactory 1960 levels, but the recent improvement in overall demand has resulted in some modest price advances.

The International Paper Companies installed no additional paper machines in 1961. Plant expenditures were directed primarily toward reducing costs, increasing mill efficiency, expanding the range of grades and qualities produced and providing facilities for improved service to customers.

Your Company's financial and operating position continues strong. Plants are modern and well equipped; they are strongly backed by timber reserves; they are staffed with competent personnel, and are well situated to provide the high standards of quality and service our customers expect.

As you read this report we hope you will take notice of the section headed "New Products" and the color photograph that make up the center spread. This material calls attention to a few of the new, improved or modified products your Companies have recently placed on the market.

The other members of the Board of Directors join us in expressing appreciation to all members of the organization. Their effective work and willing cooperation have been a source of strength in enabling us to cope with the difficult problems that arose in the past year. We can look forward to the challenges of the future with confidence.

LAMAR M. FEARING

President

RICHARD C. DOANE

Chairman of the Board

New York, N. Y.

March 13, 1962

JOHN F. ROLLINS—IN MEMORIAM

The death of John F. Rollins on September 23, 1961 was a sad loss for International Paper Company. Mr. Rollins joined the Company in 1926 as an Assistant to the President. He had headed International Paper's Legal Department since its inception and was named General Solicitor in 1939. He was elected to the Company's Board of Directors in 1954.

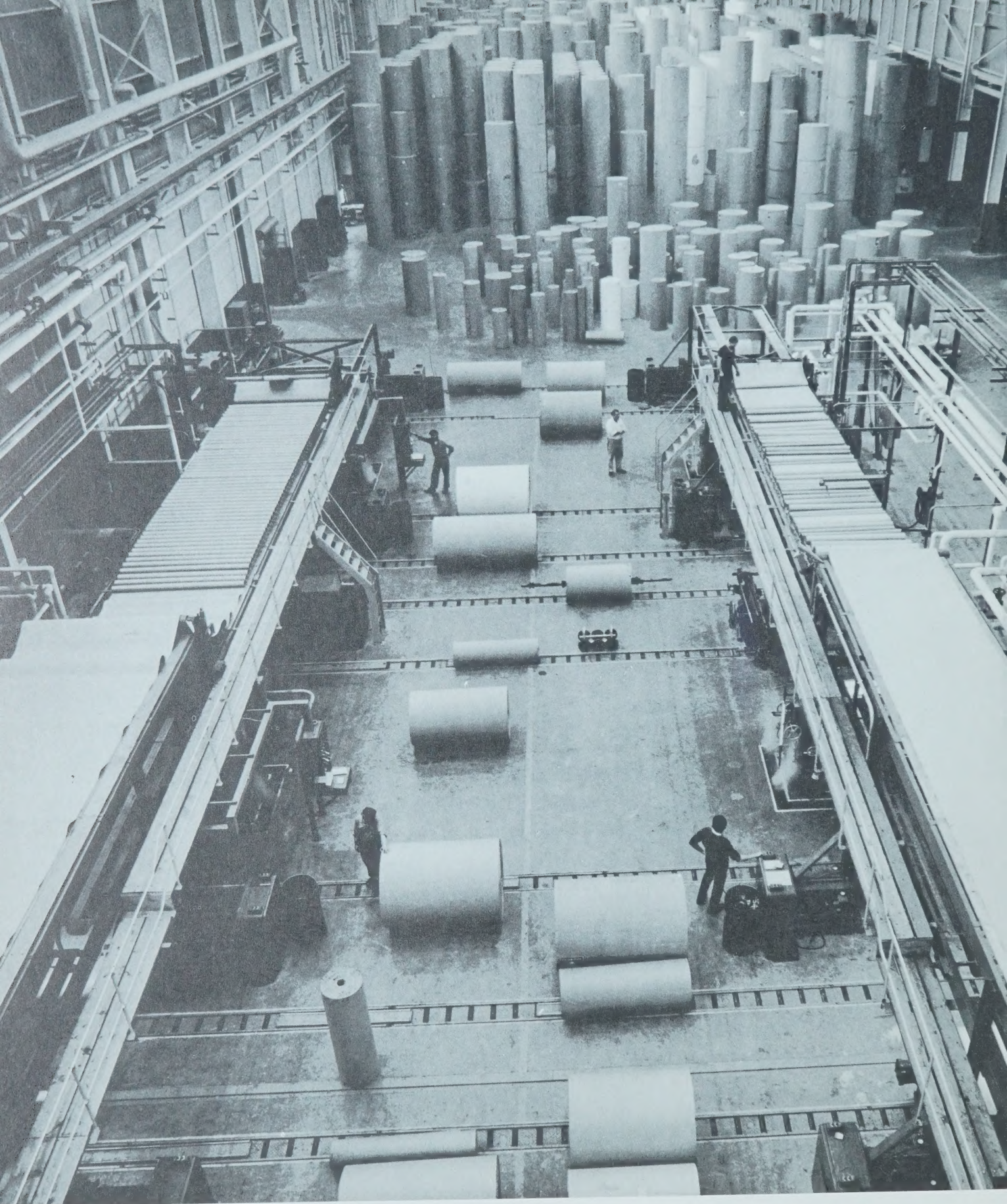
NEW EXECUTIVES AND DIRECTOR

At the Annual Meeting on May 10, 1961 John H. Hinman announced that he was resigning as Chairman of the Board. At the Directors' meeting later that day he was designated Honorary Chairman and appointed Director of Woodlands. He is continuing his active service to the Company in that capacity.

The Directors also elected Richard C. Doane, formerly President, to succeed Mr. Hinman as Chairman of the Board. Mr. Doane continues as Chief Executive Officer of the Company. Lamar M. Fearing, formerly Executive Vice-President, was elected President. Joseph P. Monge, formerly Treasurer, was elected Vice-President and Treasurer.

In July 1961 George T. Ward, a Vice-President of the Company since 1958, was designated Vice-President in Charge of Manufacturing for all the Company's pulp, paper and paperboard operations in the United States.

On December 12, 1961 the Board elected Robert W. Stoddard a Director to fill the vacancy caused by Mr. Rollins' death. Mr. Stoddard is the President of Wyman-Gordon Company of Worcester, Massachusetts, a leading manufacturer of closed die forgings for industry.



The Container Division's newest corrugator plant at Northlake, Illinois, opened in October. This is the largest of the Division's 23 plants and will be the principal source of supply for the greater Chicago area.

PRODUCTION

PAPERBOARD, PAPER AND MARKET PULP

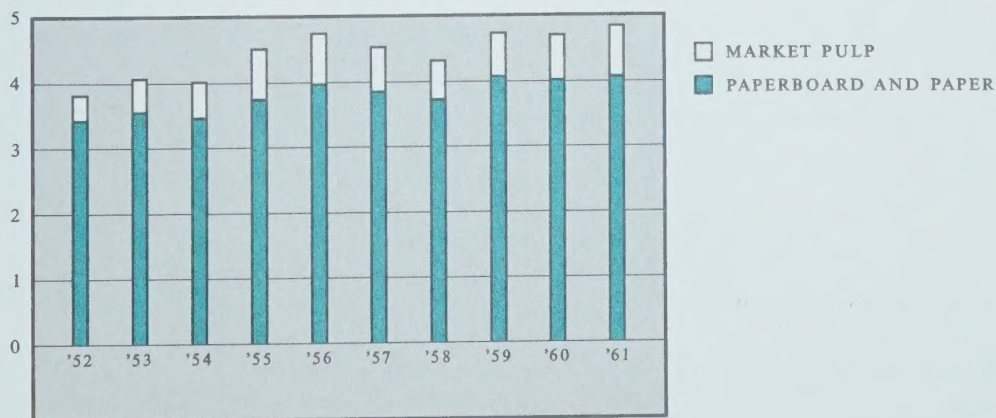
Production of paperboard, paper and market pulp in 1961 by the International Paper Companies totaled 4,855,528 tons, up 3.1% from the 1960 level and slightly above the previous high record attained in 1956. The 1961 figures in the table below include the paperboard produced by Puerto Rican International Paper Company Limited and the market pulp sold to Red River Paper Mill, Inc., a newly organized company owned by International and Lily-Tulip Cup Corporation.

| | 1961 | 1960 |
|--|-----------|-----------|
| Paperboard — bleached and unbleached | 1,945,577 | 1,914,441 |
| Newsprint | 1,104,818 | 1,083,830 |
| Other papers — bleached and unbleached | 1,036,786 | 1,035,483 |
| Total boards and papers | 4,087,181 | 4,033,754 |
| Market pulp | 768,347 | 675,782 |
| Total tons | 4,855,528 | 4,709,536 |

Pulp figures include shipments to mills of the Companies for their own use as follows: 116,587 tons in 1961 and 112,748 tons in 1960.

ANNUAL PRODUCTION

MILLION TONS



CONVERTED PAPER PRODUCTS

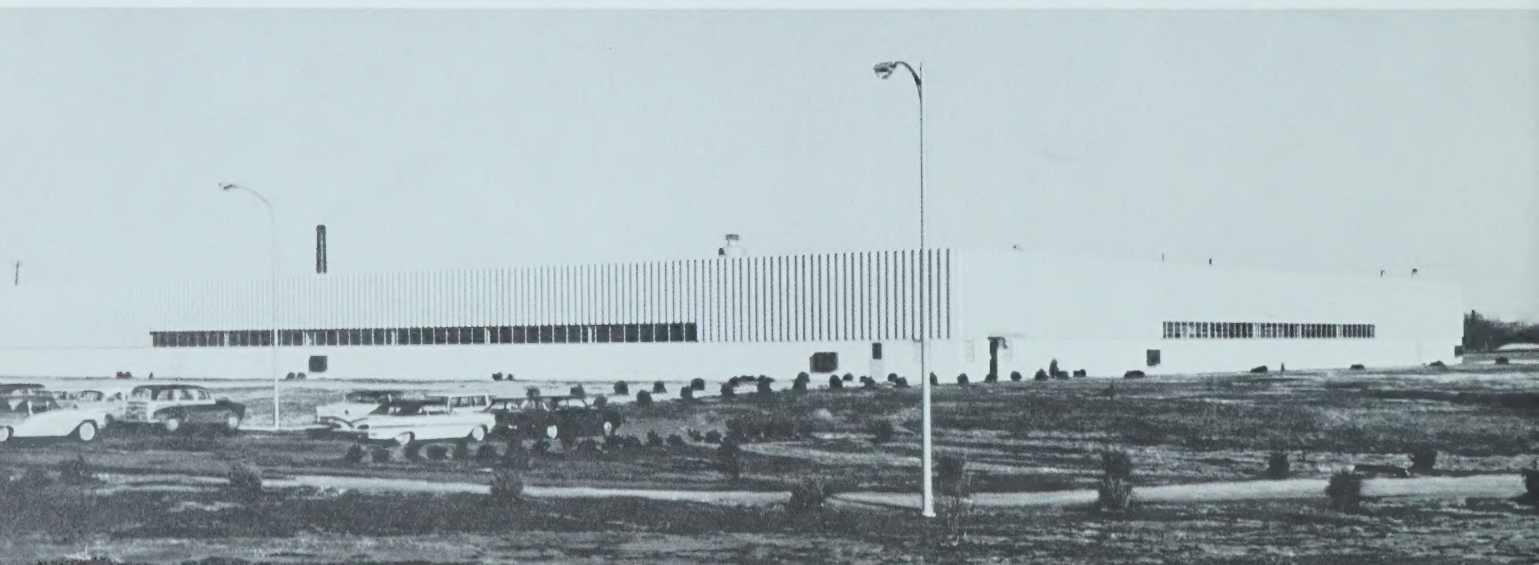
Production of converted paper products continued to rise, reaching a total of 822,243 tons in 1961, up 9% from 1960. Most of this converted tonnage was fabricated from board and paper produced at the Companies' own mills and included in the foregoing table. The 1961 figures include production of the converting plants of the new Puerto Rican and Mexican subsidiaries.

LUMBER, PLYWOOD AND INSULATING BOARD

The International Paper Companies in 1961 increased their production of lumber by 8.4% over 1960 and their production of plywood by 34%.

Production of insulating board — which was severely curtailed in 1960 as a result of a fire at the Gatineau, Quebec plant — equaled the 1959 level.

| | <u>1961</u> | <u>1960</u> |
|--|-------------|-------------|
| LUMBER | | |
| (thousands of board feet) | 217,028 | 200,170 |
| PLYWOOD AND VENEER | | |
| (thousands of square feet — $\frac{3}{8}$ -inch basis) | 279,156 | 207,642 |
| INSULATING BOARD | | |
| (thousands of square feet — $\frac{1}{2}$ -inch basis) | 90,353 | 36,215 |



MILLS AND PLANTS

PAPER MILLS—UNITED STATES

No additional paper-machine capacity was installed by the Company during 1961.

One of the three paper machines at the Company's Springhill, Louisiana paper and paperboard mill was sold in April 1961 to Red River Paper Mill, Inc. Red River utilizes pulp from the Springhill mill to make bleached-board grades for sale to Lily-Tulip and to International.

Plans are nearing completion for a new 100,000-ton paper and paperboard mill on the Pacific Coast. This mill will provide a nearby source of supply for the Company's converting plants in the far western states that are now being supplied from the Company's distant Southern Kraft Division mills.

The new mill will operate largely on chips produced from slabs and other wood residues from the Long-Bell Division's lumber mills and plywood plants, as well as on salvage and thinnings from Long-Bell logging and forest-management operations. Present plans are to locate the mill adjacent to Long-Bell's plywood plant and sawmill on the Umpqua River at Gardiner, Oregon.

CONVERTING OPERATIONS—UNITED STATES

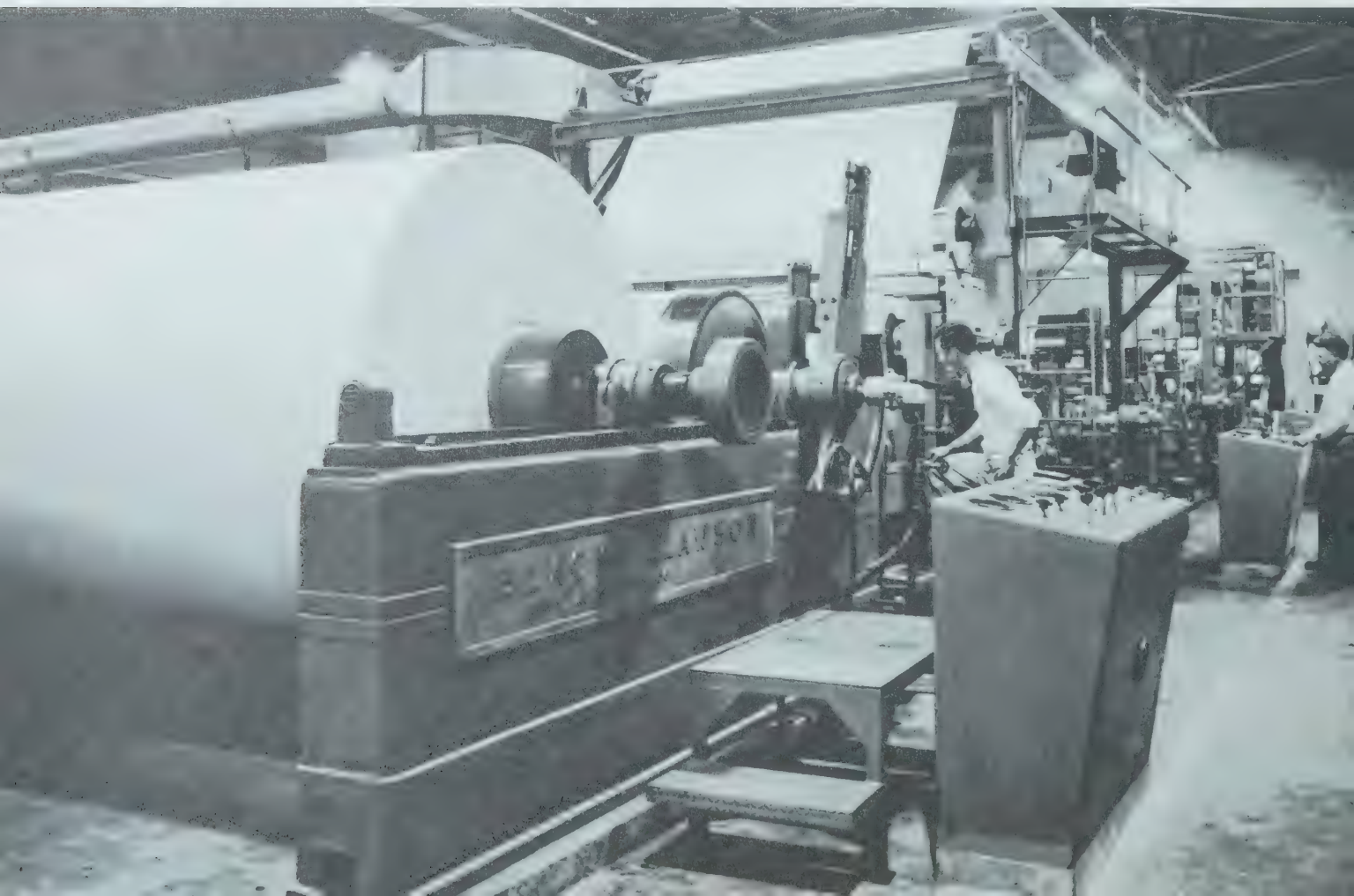
Polyethylene Coating: I-P pioneered in the work of extrusion coating paper and paperboard with polyethylene. After several years of development work at the laboratory level, our first commercial-scale extrusion coater was installed at our Niagara Falls mill. A larger extrusion coater was installed at Mobile in 1959, followed in 1961 by another at Niagara Falls. Also in 1961 two large tandem extrusion coaters were brought into operation at the Pine Bluff, Arkansas mill. Each of these tandem units applies the polyethylene coating to both sides of the stock in a single pass.

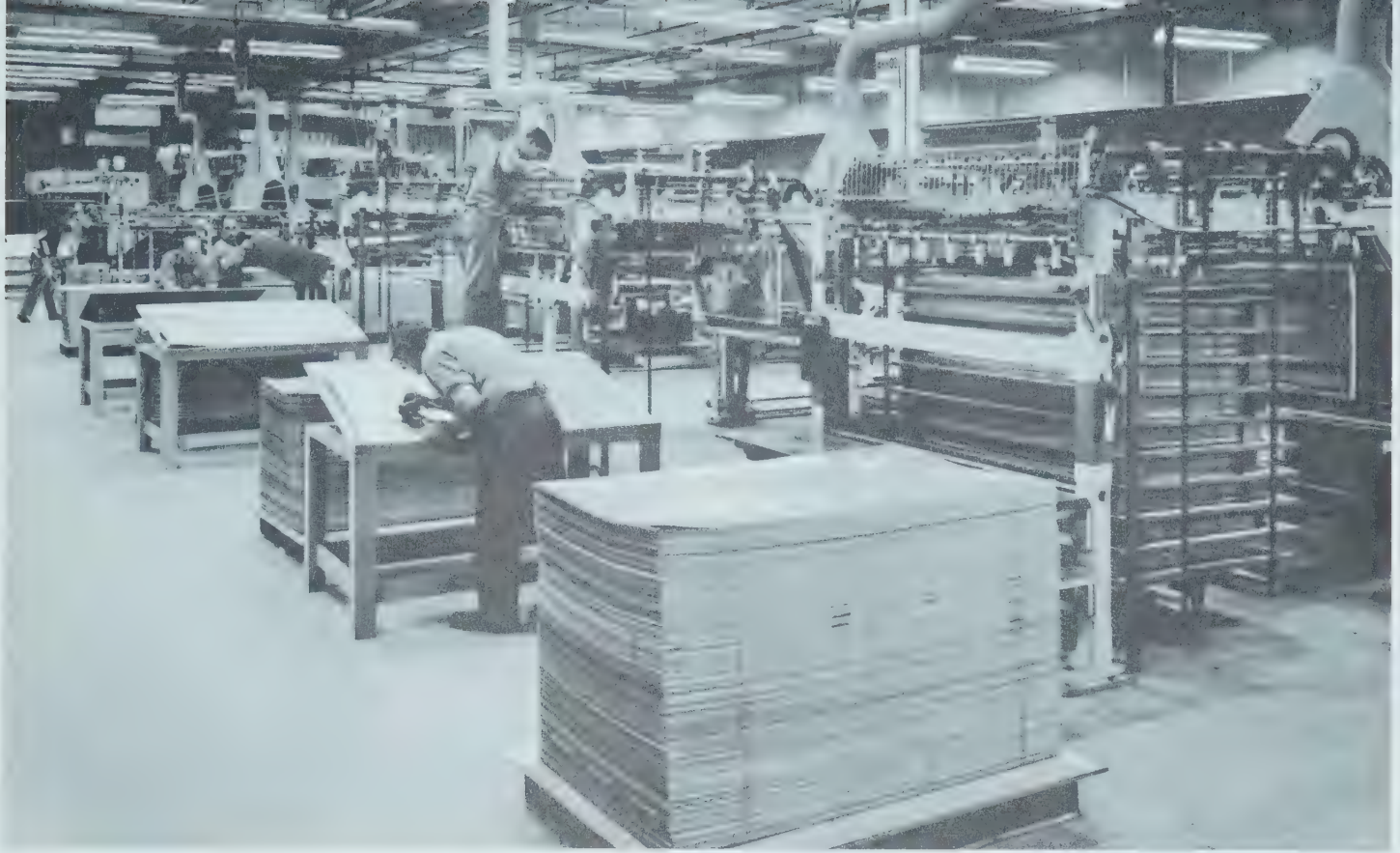
This coated stock is used for the Single Service Division's new plastic-coated milk containers.

Single Service Division: The new *Pure-Pak*[®] plastic-coated paperboard milk container is being received enthusiastically by the dairy industry and the consumer alike. Ex-Cell-O Corporation is working as rapidly as possible to convert present dairy equipment for forming *Pure-Pak*[®] containers in all present sizes — half-pints to half-gallons. Our Single Service Division is converting its own production equipment to the manufacture of the plastic-coated container as dairy plants are changed over.

Shipping Containers: The Container Division brought its new North St. Louis plant into operation in September 1961 to provide a second source for supplying shipping-container customers in the St. Louis area.

A plastic film can be applied to both sides of a sheet of paperboard in one continuous operation on this giant tandem extrusion coater. Coated board from this machine at Pine Bluff is used for plastic-coated milk containers.





The Lord Baltimore Press is now providing improved service to its folding-box customers in the Cincinnati-Ohio Valley area from this new plant opened in January 1962.

In October operations got under way at the Northlake plant near Chicago. This will be the principal source of supply for the Division's customers in the Chicago area.

At the Auburndale, Florida container plant, capacity has recently been expanded by 70% and equipment has been added for production of the new *Dur-A-Lug*® containers for fresh fruits and vegetables, shown in the color photograph in the center spread of this report.

Two other new shipping-container plants are under construction — one is located at Statesville, North Carolina; the other, near Pittsburgh, will serve customers in the important Pennsylvania Ohio-West Virginia industrial area centering around metropolitan Pittsburgh.

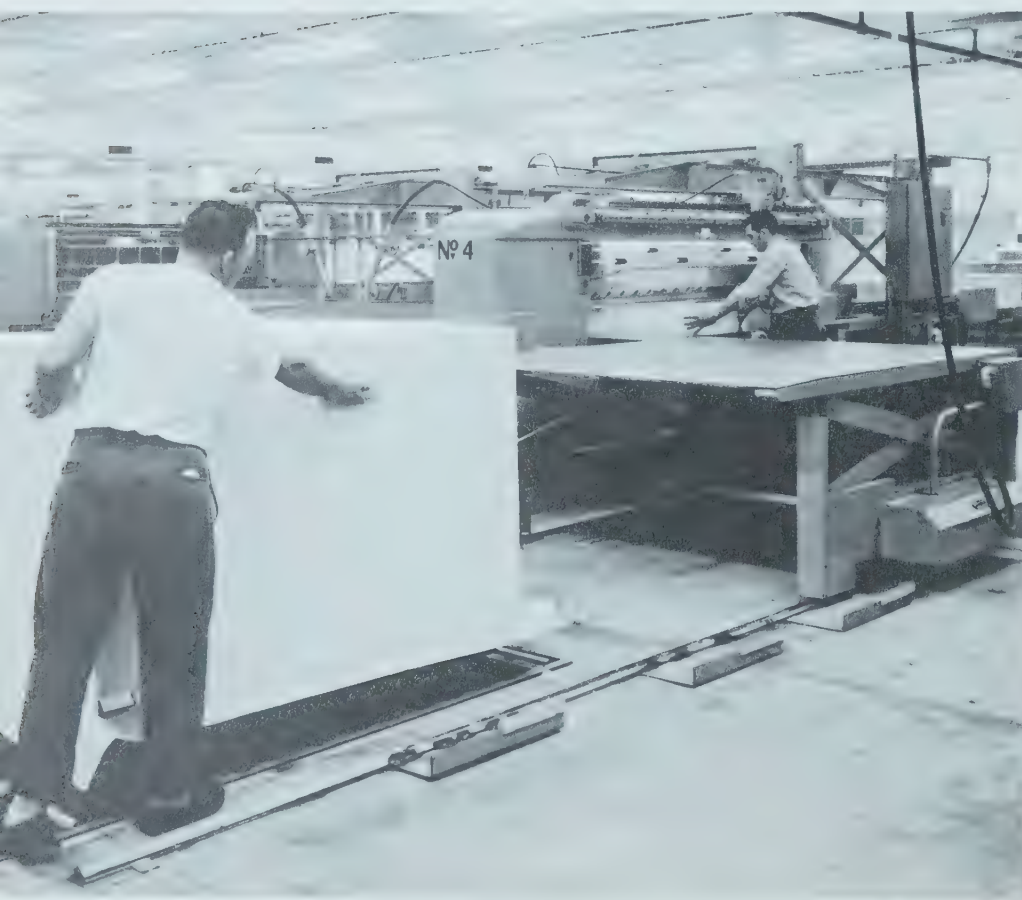
Lord Baltimore Press-Muirson Label: Lord Baltimore's new Springdale folding-box plant near Cincinnati, Ohio, started operation in January 1962,

only eight months after ground was broken. Facilities installed are comparable to those in the plants at Baltimore, Maryland; San Leandro, California, and Clinton, Iowa. Lord Baltimore is thus in a position to offer the same high quality of product and service to folding-box customers in another major U. S. consuming area.

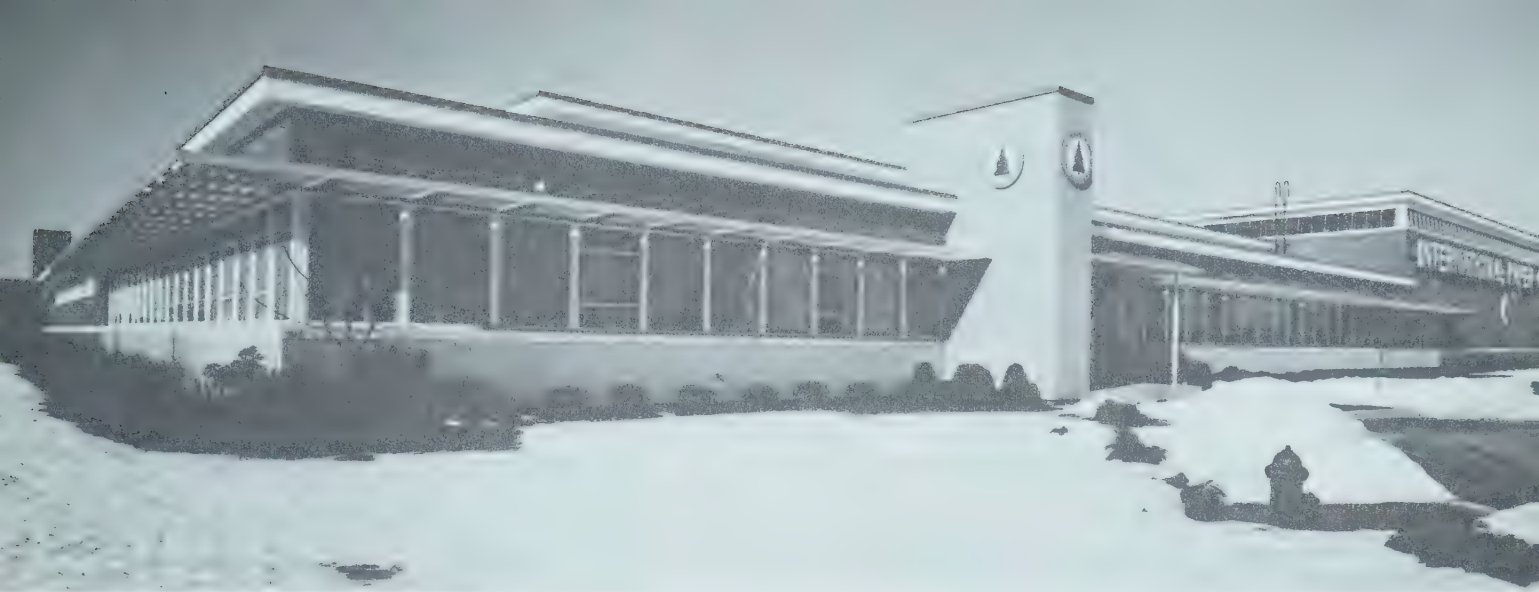
In April 1961 the Muirson Label Division completed a new installation at North Haven, Connecticut. This includes a distribution warehouse, as well as production facilities for creative art work, color photography and film positives. The services of the highly skilled staff at North Haven are now utilized by the Single Service Division as well as Muirson and Lord Baltimore. The color separations and film positives of the color photograph in the center spread of this report were made there.

LONG-BELL DIVISION

Long-Bell's new lumber and plywood operation at Chelatchie Prairie, Washington, is through its shakedown period and is now in full production,



Completely air-conditioned for temperature and humidity control and equipped with the latest mechanical devices (LEFT AND RIGHT), this 70,000-square-foot finishing room at the Moss Point, Mississippi mill permits papers to be inspected, finished and packaged for shipment under optimum conditions.

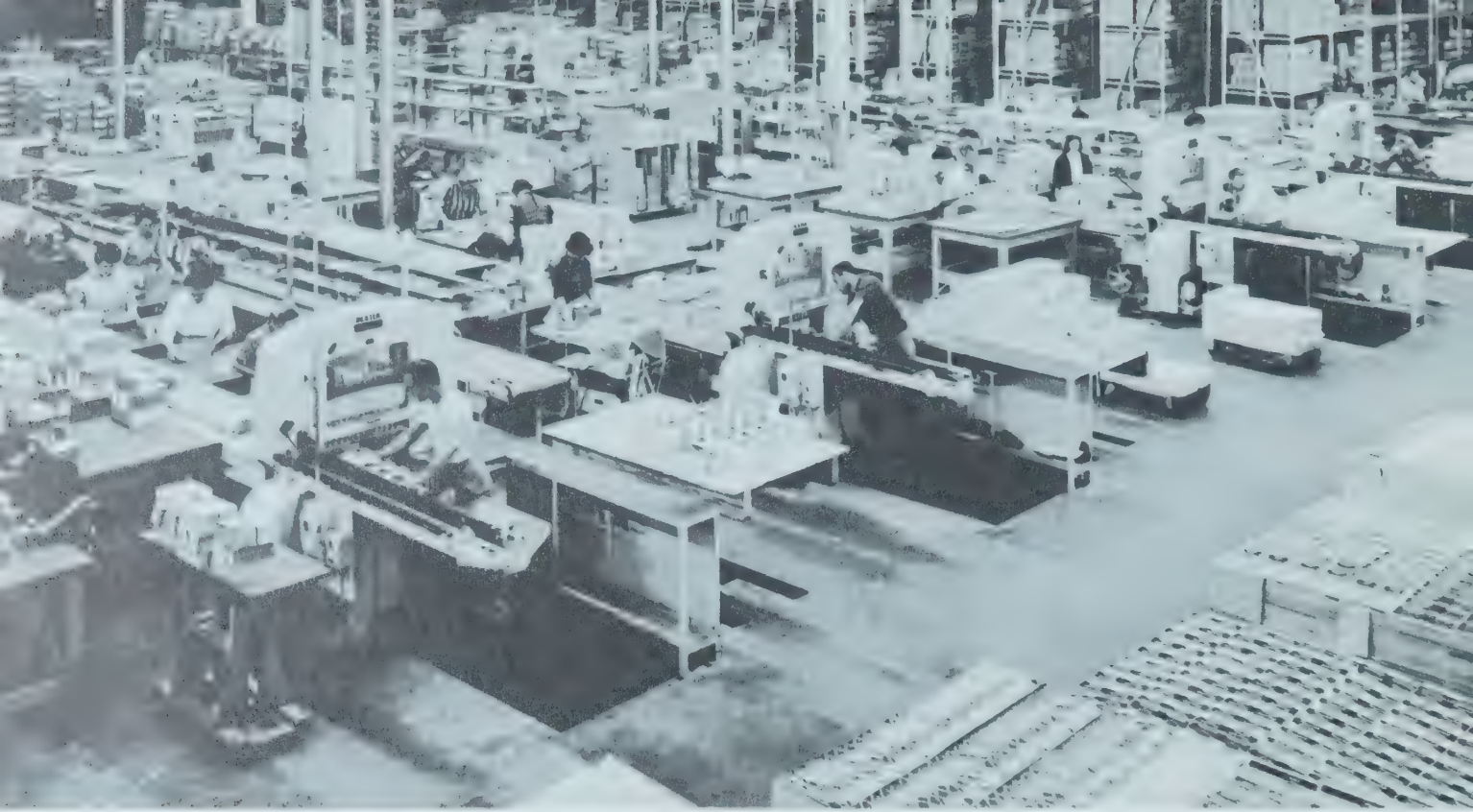


The newest installation of the Single Service Division is this *Pure-Pak*® milk-container plant in Framingham, Massachusetts.

enabling the Division to increase its output of lumber and plywood and to produce new types of plywood with special facings. At Weed, California, equipment to reduce operating costs has been installed in the lumber and plywood plants and the woodworking factory.

At the end of 1961 engineering work was in progress for a modern and efficient sawmill to replace the existing mill at Gardiner, Oregon. Plans





Labels by the millions are cut to size and flow down these conveyor lines for inspection and packaging at the new Muirson Label plant in Peoria, Illinois.

include facilities to process wood residues from the sawmill and plywood operations there into chips for the proposed new paper and paperboard mill discussed on page 9 of this report.

The Division is expanding the range of its kitchen-cabinet line to reach both large-scale housing developments and low-cost houses. Expansion and modernization work is now under way at the Longview, Washington plant, where fabrication work is done for the Division's line of kitchen cabinets. To provide national distribution of kitchen cabinets, the Division is establishing assembly and prefinishing plants close to major marketing centers. The first was opened in Philadelphia in 1959 and a second has recently been installed in Kansas City. This year another assembly and prefinishing plant, serving the Chicago-Detroit region, is being opened at Anderson, Indiana. A fourth will be installed in Oklahoma City and plans are under way for a fifth, which will be located in the Atlanta area.

CANADIAN COMPANIES

Early in 1961 Canadian International Paper Company acquired Dominion Cellulose Limited with its converting and marketing subsidiary, National Cellulose of Canada Limited. Dominion Cellulose utilizes bleached sulphite and sulphate pulps from Canadian International mills for the manufacture of premium-quality consumer tissue products for the Canadian market, including the well-known and highly regarded Canadian brand of *Face-Elle*® facial tissue as well as toilet tissues and a line of surgical paper specialties. Additional equipment is now being installed at the Dominion Cellulose plant to increase and diversify production for the Canadian market.

Other capital expenditures by the Canadian Companies in 1961, as in the case of the U.S. Companies, were directed primarily toward product improvement and operating economies. At the Kipawa dissolving pulp mill, work has been completed on the installation of a new water-filtration plant, which will further improve the quality of the high-grade pulps this mill now makes for the photographic-supply industry.

Severely damaged by fire in early 1960, the *TenTest* insulating-board plant of International Fibre Board, Limited, in Gatineau, Quebec, was back in full production early in 1961.



INTERNATIONAL PAPER OVERSEAS

EXPORT SALES

The International Paper Companies' export sales of paperboard, paper and market pulp to overseas markets have continued at a substantial level; the percentage of their U. S. and Canadian production sold overseas in 1961 — somewhat over 12% — increased slightly over 1960.

EUROPEAN AND MEDITERRANEAN AFFILIATES

Demand continued its strong upward trend in 1961 in the German, Italian and Eastern Mediterranean markets served by the overseas shipping-container affiliates.

Hch. Sieger G.m.b.H. — our 50% owned affiliate in West Germany — completed construction of two container plants. Sarstedt, near Hannover, started operations in May and Feucht, near Nuremberg, in June.

SILCA (Società INTERNATIONAL Lavorazione Carta e Affini S.p.A.) — our 50% owned affiliate in Italy — had completed the expansion and modernization of its Pioltello container plant near Milan by the end of 1961. Start-up of its new container plant at Pomezia, near Rome, was delayed as the result of damage sustained in an unprecedented local windstorm, which struck the area last October just after construction had been substantially completed. Operations are now beginning.

PUERTO RICO

Puerto Rico Container Company Limited is constructing a new converting center on a site outside San Juan. The present shipping-container and folding-box operations are scheduled to move to the new location in the early fall of 1962. A new *Pure-Pak*[®] milk-container operation is being installed at the same location and is scheduled for operation before the end of the year.

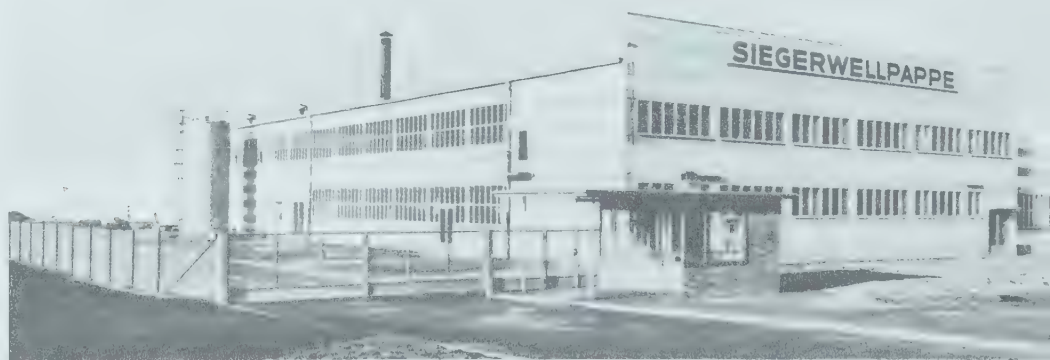
COLOMBIA

Productora de Papeles S.A. (PROPAL) — jointly owned by International Paper and W. R. Grace & Co. interests — in 1961 completed construction of its two-machine bagasse paper mill at Cali, Colombia. Both machines had been brought into operation by the end of the year. Initial production during the start-up period has been encouraging and the rate of production is being increased.

ECUADOR

The new container plant near Guayaquil — jointly owned by International, W. R. Grace & Co., and local interests — began operations in May 1961. This plant was constructed primarily to serve the developing market for corrugated shipping containers designed especially for shipment of bananas.

This modern shipping-container plant (RIGHT) in Sarstedt, West Germany, is owned by I-P and Hch. Sieger G.m.b.H. Below is the new bagasse mill at Cali, Colombia, owned by I-P and W. R. Grace & Co. interests.



RESEARCH AND DEVELOPMENT

The International Paper Companies operate three main research centers — the Erling Riis Laboratory in Mobile, the Glens Falls Laboratory in upstate New York and the Industrial Cellulose Research Laboratory in Hawkesbury, Ontario. The work of these main centers is backed by eight special-product laboratories and three forest-research centers. Each laboratory has its own areas of specialization and makes its own contributions to programs planned on a coordinated overall basis. Current projects include (1) basic research into the nature of cellulose and other wood constituents; (2) studies directed toward widening the raw-material base of mill operations and toward the improvement of processes, equipment and products, and (3) the development of new products. Some projects of special current interest to your Companies are discussed in more detail below.

Hardwood Pulping: Many species of trees make up the North American forests from which we draw our wood supply. The spruces, firs and pines — all softwoods — are the paper industry's historical pulpwoods and for many years these alone were cut, leaving the various hardwoods in the forest. This tremendous unused resource of wood presented a major challenge, which the Companies' research laboratories have made much progress in meeting. First came the utilization during World War II of a single Southern hardwood species at Bastrop, Louisiana, for production of our *Chemfibre*[®] corrugating medium. Continuing research has greatly expanded our knowledge of how to pulp many different hardwood species and how to use the special properties of each to contribute desirable qualities to various pulp, paperboard and paper grades. Almost all our mills now use hardwoods, usually in combination with softwoods. The ultimate goal is to use all the forest species in the proportions in which they grow. This will permit more efficient forest-management and wood-

harvesting operations in addition to expanding greatly the forest resources on which our mills depend.

Other Fibers: Expansion of our overseas operations has led to increased attention to less familiar sources of fiber. Bagasse, the sugar-cane residue after the juice has been pressed, is used as raw material by the Puerto Rico mill for making corrugating medium and by the PROPAL mill in Colombia for high-grade bleached and semibleached papers, including writing and printing papers and tissues. Research is under way to develop additional grades from bagasse. The potential of various other tropical fibers is also being studied.

Coating Techniques: The Mobile and Glens Falls laboratories are co-operating in research on extrusion- and emulsion-coating techniques for plastic-paper combinations and on pigmented coatings with improved printing qualities. The Graphic Arts section of the Mobile laboratory co-operates closely on these programs, determining the printability and press performance of new experimentally coated printing and packaging grades of board and paper produced in the Mobile and Glens Falls pilot coating plants and on commercial equipment at the mills.

By-products: In addition to the pulp, paperboard and paper manufactured from the cellulose portion of wood, a wide variety of by-products can be made from the other wood constituents. Various by-products of this nature are being produced in the United States and Canada. Active research programs are being carried on to improve yields and quality of these materials and to develop new ones. In the South the Mobile laboratory has been developing ways to increase the recovery of black liquor soap from kraft-mill waste liquors. This soap is formed from the resins and fats in the pine-wood during our pulping operation. It is converted to tall oil and further processed to rosin and highly refined fatty acids at the Springhill and Panama City plants of Arizona Chemical Company—jointly owned by International Paper and American Cyanamid Company.

[Continued on page 22]

NEW PRODUCTS

THE FLOW OF NEW PRODUCTS from research through product development and market testing to commercial manufacture is a continuously fascinating aspect of I-P operations. Even such standard products of our Companies as newsprint and linerboard are continually under development and modification. Product quality and mill efficiency are improved and end uses are broadened.

Other programs seek new processes, new raw materials or new combinations of materials for the manufacture of our primary grades of paper and paperboard. Our converting divisions, through their specialized product-development staffs, create a steady flow of new types of packages and new uses for the products from our mills.

The color photograph here illustrates some typical examples of products that are in one way or another new to us. Most of the items are shown as made by our Companies; some are made by customers from raw materials we supply. A brief review of some of these items will indicate how our Companies have improved our grades and broadened the scope of their end uses.

Linerboard, for example, once came in one color — brown. Now it can be made in a wide range of colors right on the paper machine, saving subsequent printing costs and increasing package sales appeal. Board today can also be made moisture-vapor resistant, water repellent, skid resistant (for safer stacking and handling) and even mold resistant. Our laboratories are working on coatings or treatments to provide further special qualities. Corrugated board and wood have been combined in light, efficient lugs for shipping and displaying fresh fruits and vegetables.

Multiwall shipping sacks are now being offered in “mile-long” rolls, permitting the customer to package products of odd shapes





and sizes to fit the requirements of his own particular operation.

The bleached-board field is of special importance to our Companies as we seek to increase our production of improved packaging materials. New grades of bleached board and new coatings, plus new package designs from The Lord Baltimore Press, bring our Companies closer to consumer markets through emphasis on packaging designed for increased point-of-purchase appeal.

The cups and food containers shown were made from improved bleached boards produced by Red River.

Perhaps our most important marketing development during the past year has been the introduction on a broad scale of the *Pure-Pak*® plastic-coated paper milk container described on page 10 of this report.

In the printing-paper field, there are two major entries — the highly successful watermarked business papers based on hardwood pulps now in full production at Mobile, and a new line of label papers, developed in cooperation with technicians from the Muirson Label Division and now entering the initial production phase at our Moss Point, Mississippi mill.

Early in 1962 we received a patent on the use of our *Turfiber*® wood-cellulose mulch material. This entirely new wood-cellulose product, developed for use as a mulch for mechanized establishment of grass on large areas, such as highway embankments, has been thoroughly field-tested and is now in commercial use.

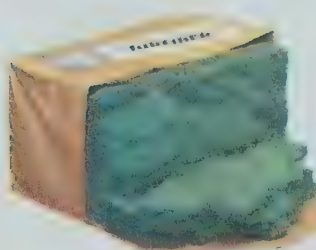
Finally, our Long-Bell Division has been moving from its traditional emphasis on lumber manufacture to expand production of plywood, special veneer boards, flakeboard, kitchen cabinets and other prefabricated end products.

Some of the products illustrated here will certainly develop into major items in your Companies' marketing programs. This year — and in every year to come — we can expect further new products that will play their own parts in the marketing growth of the International Paper Companies.



*Linerboards colored on the
paper machine for extra sales appeal*

*One of the uses for moisture-resistant
Hydro Kraft* linerboard*



*A package of Turfiber®
wood-cellulose mulch material
ready to mix with water,
fertilizer and grass seed*

*Improved bleached board from Red River
goes into these cups and food containers.*



*New package designs from
Lord Baltimore produced on new
Sno-Brite® and other I-P
folding-box boards*

*Labels printed by Muirson on our
new Moss Point label paper*



* The Company has applied for registration of these trademarks





milk

FARM FRESH
TOMATOES

PRODUCE OF U.S.A.

INTERNATIONAL PAPER

INTERNATIONAL

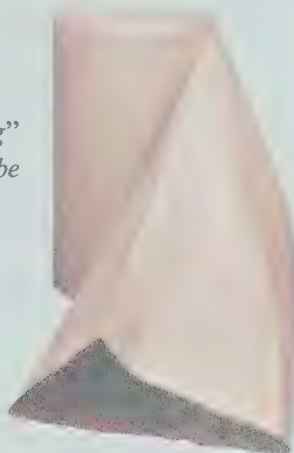
1000 SHEETS
11-5 (10)

*The new Provincial kitchen cabinet
from Long-Bell*



*Plastic-coated Pure-Pak® containers —
from gallon to half-pint*

*The “mile-long”
multiwall shipping tube*



*Two boxes of Gator-Grip®
skid-resistant linerboard
for safer stacking; and a
small container treated
to prevent the growth of molds*



Gator-Pel water-repellent board
for a fresh-meat container*



*Wood and corrugated make
the Dur-A-Lug® box strong yet light*



*International® Bond, our new
watermarked business grade*

All three companies are cooperating in research to develop new products for Arizona and new end uses for its existing products. In Canada the Hawkesbury laboratory is working on the tall oil produced from Canadian woods at the La Tuque pulp mill.

FORESTS AND FOREST MANAGEMENT

Our Companies are continuing to work closely with state and provincial authorities to develop the best possible fire prevention and suppression measures. Fire losses during 1961 were negligible in all the Companies' forest areas, except for one fire that damaged several thousand acres in the Miramichi region of New Brunswick.

Programs designed to bring Company-managed timberlands to the maximum level of productivity continued during the past year. Nearly 36.5 million pine seedlings were planted on Company lands in the South during the 1960-61 planting season. An additional 2 million seedlings were given away, primarily to youth and farm groups. In the Northwest 7,250 acres were seeded with Douglas fir from the air and an additional 450 acres were planted with seedlings. An adjunct to this program was aerial spraying of 760 acres to suppress the growth of underbrush and release fir seedlings for rapid growth.

Further progress has been made in developing equipment for mechanized harvesting of pulpwood. One interesting development is a Southern Kraft Division pilot operation in which several pulpwood combines fell, buck and bundle pulpwood that is picked up by a loader and hauled to the highway for trucking to the mill. Canadian International now has in experimental operation several types of equipment designed to meet Canadian forest conditions.

FINANCIAL

SALES AND EARNINGS

Sales of International Paper Companies totaled \$1,044,775,840 in 1961, up 3.2% from 1960 and somewhat above the previous high mark of 1959. This reflects increased volume in almost all divisions. Prices were down for some primary grades, including container board and market pulps, as well as for most converted products and for lumber and plywood.

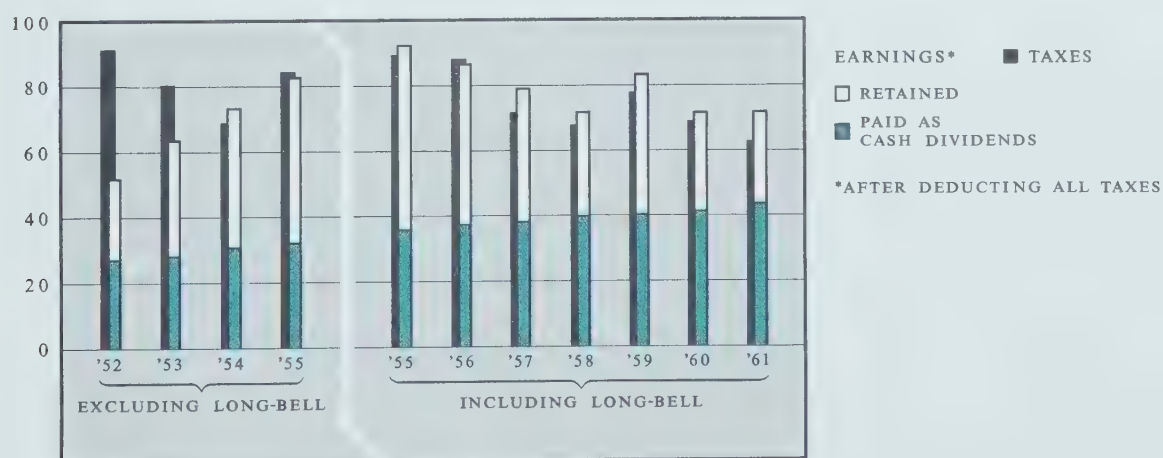
Net earnings of \$72,002,094 (\$1.71 a share) were slightly above the \$71,668,594 (\$1.70 a share) earned in 1960. Net earnings include non-recurring profit of \$4,887,901 (12 cents a share) on a sale of capital assets in 1961 and a profit on a sale of securities of \$1,019,879 (2 cents a share) in 1960.

DIVIDENDS

Cash dividends of 26¼ cents a share were paid each quarter during 1961 on the Company's common stock, and in addition a 2% stock divi-

NET EARNINGS & TAXES BASED ON INCOME

\$ MILLIONS



dend was paid December 29, 1961. The cash dividend for the fourth quarter was based on the additional shares issued for the stock dividend, as well as on the shares already outstanding. Cash dividends paid on the preferred and common stocks amounted to \$43,824,618 in 1961 and \$41,500,314 in 1960.

TAXES

Taxes based on income continue to absorb nearly half the profit earned after all other charges. Provision for such taxes in 1961 amounted to \$62,542,973 as compared to \$68,847,895 in 1960.

CAPITAL EXPENDITURES

Capital expenditures in 1961 totaled \$70,302,620, of which over 84% was accumulated from 1961 provisions for depreciation and depletion, and the balance from retained earnings.

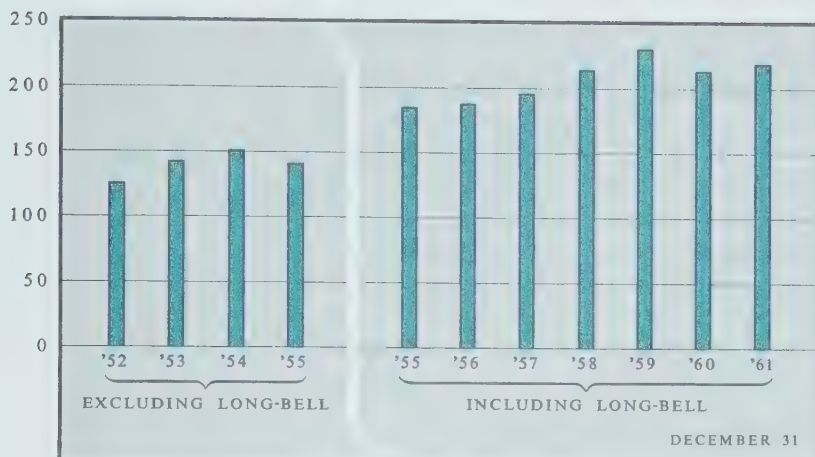
WORKING CAPITAL

Current assets at December 31, 1961 totaled \$326,497,124 and current liabilities \$107,082,556, leaving net working capital of \$219,414,568, up \$3,213,745 from December 31, 1960.

| | DECEMBER 31 | |
|--------------------------------|----------------------|----------------------|
| | 1961 | 1960 |
| CURRENT ASSETS: | | |
| Cash and equivalent | \$ 56,866,909 | \$ 46,821,015 |
| Receivables | 108,055,386 | 86,676,667 |
| Inventories | 161,574,829 | 168,415,161 |
| Total current assets | \$326,497,124 | \$301,912,843 |
| CURRENT LIABILITIES | 107,082,556 | 85,712,020 |
| WORKING CAPITAL | <u>\$219,414,568</u> | <u>\$216,200,823</u> |

WORKING CAPITAL

\$ MILLIONS



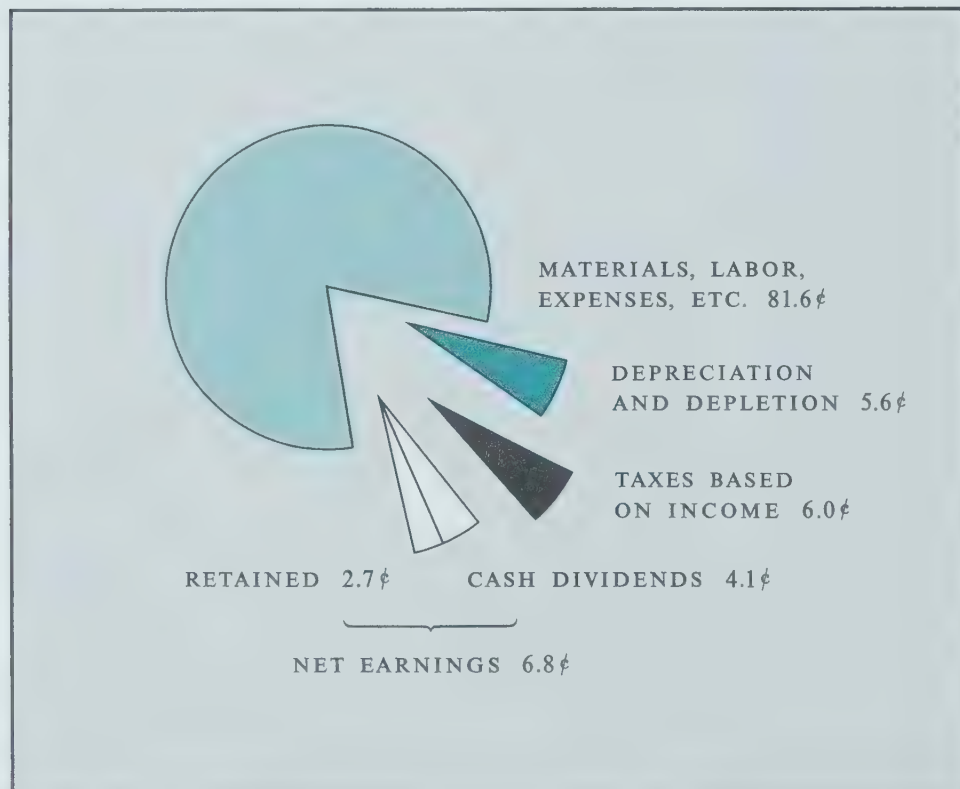
CERTIFICATES OF CONTINGENT INTEREST

On January 17, 1962 the Company received from the United States Internal Revenue Service a final determination in the Long-Bell tax matter on a basis favorable to the Company as well as to the holders of the Certificates of Contingent Interest. This was the last of the two contingencies against which common shares of the Company were reserved and the Certificates of Contingent Interest were issued when the merger of The Long-Bell Lumber Company and The Long-Bell Lumber Corporation into the Company became effective in 1956.

Appropriate deductions have been made in the reserved shares from time to time as the Company has made payments to meet applicable costs and expenses in connection with the two contingencies. Upward adjustments have been made to reflect the 3-for-1 stock split in December 1960 and the stock dividends paid each December from 1956 through 1961. After such deductions and adjustments there remained for distribution to Certificate holders a balance of 122,575.54 reserved shares of \$2.50 par common stock.

The reserved shares are now being distributed pro rata against surrender of Certificates of Contingent Interest, except that a cash payment is being made to each Certificate holder in lieu of any fractional share accruing to him. Cash payments are also being made in an amount equal to the cash dividends that would have been paid since the date of the merger on the full shares distributed. Such dividends through December 31, 1961 on all the remaining reserved shares would have totaled \$614,861.

DISTRIBUTION OF THE 1961 INCOME DOLLAR



AUDITORS' REPORT

TO THE SHAREHOLDERS OF INTERNATIONAL PAPER COMPANY:

We have examined the consolidated balance sheet of International Paper Company, a New York corporation, and subsidiary companies as of December 31, 1961, and the related statements of consolidated earnings, retained earnings and capital surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. In the case of the Canadian and certain other subsidiaries whose accounts were not examined by us, we were furnished with reports of other auditors. We made a similar examination for the year ended December 31, 1960.

In our opinion, based upon our examination and upon the reports of other auditors referred to above, the accompanying consolidated balance sheet and statements of consolidated earnings, retained earnings and capital surplus, together with the schedules referred to therein, present fairly the consolidated financial position of the companies as of December 31, 1961, and the results of their operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a consistent basis.

ARTHUR ANDERSEN & CO.

New York, N. Y.

March 1, 1962

Consolidated Earnings Statement*

| | Years Ended December 31 | |
|---|-------------------------|------------------------|
| | 1961 | 1960 |
| SALES AND OTHER INCOME: | | |
| Gross sales, less returns, allowances and discounts | \$1,044,775,840 | \$1,012,647,543 |
| Other income — net (see summary below) | 13,518,564 | 2,451,130 |
| | <u>\$1,058,294,404</u> | <u>\$1,015,098,673</u> |
| COSTS AND EXPENSES: | | |
| Materials, labor, outward freight, expenses, etc. | \$ 864,501,826 | \$ 815,197,394 |
| Depreciation and depletion | 59,247,511 | 59,384,790 |
| | <u>923,749,337</u> | <u>874,582,184</u> |
| EARNINGS BEFORE DEDUCTING TAXES BASED ON INCOME . . . | \$ 134,545,067 | \$ 140,516,489 |
| PROVISION FOR INCOME TAXES — U. S. AND FOREIGN . . . | 62,542,973 | 68,847,895 |
| NET EARNINGS | <u>\$ 72,002,094</u> | <u>\$ 71,668,594</u> |

* Sales of foreign subsidiaries are made chiefly in U. S. dollars while most of their costs and expenses are incurred in foreign currencies, principally Canadian. The Canadian accounts included do not differentiate between U. S. and Canadian dollars and have consistently been consolidated on that basis. All realized exchange gains and losses have been included in Other Income.

Summary of Other Income — Net

| | Years Ended December 31 | |
|--|-------------------------|--------------------|
| | 1961 | 1960 |
| Transportation revenue | \$ 1,351,517 | \$1,052,519 |
| Interest and dividend income | 3,931,769 | 2,852,759 |
| Loss on foreign exchange | (45,317) | (4,462,633) |
| Profit on sale of stock in Longview Fibre Company | — | 1,367,453 |
| Non-recurring gain from a sale of capital assets | 6,711,505 | — |
| Other items | 1,569,090 | 1,641,032 |
| TOTAL | <u>\$13,518,564</u> | <u>\$2,451,130</u> |

Summary of Capital Surplus

| | |
|---|----------------------|
| BALANCE AT JANUARY 1, 1961 | \$343,859,338 |
| Excess of assigned value, or sales proceeds, over par value of — | |
| 817,589 common shares declared as a stock dividend | 26,571,642 |
| 56,439 common shares sold under Incentive Stock Option Plan | 1,038,680 |
| Other | 66,922 |
| BALANCE AT DECEMBER 31, 1961 | <u>\$371,536,582</u> |

Summary of Retained Earnings

| | |
|---|----------------------|
| BALANCE AT JANUARY 1, 1961 | \$331,114,744 |
| Net earnings for the year | 72,002,094 |
| | <u>\$403,116,838</u> |
| <i>Less:</i> | |
| Cash dividends on \$4 preferred stock \$ 711,950 | |
| Cash dividends on common stock <u>43,112,668</u> | \$43,824,618 |
| Stock dividend (2%) — 817,589 shares of common stock at assigned value of \$35 per share | <u>28,615,615</u> |
| | <u>72,440,233</u> |
| BALANCE AT DECEMBER 31, 1961 | <u>\$330,676,605</u> |

CONSOLIDATED BALANCE SHEET (Note 1)

Assets

| | At December 31 | |
|---|------------------------------|-----------------------------|
| | 1961 | 1960 |
| CURRENT ASSETS (note 2): | | |
| Cash | \$ 45,266,467 | \$ 42,663,223 |
| Temporary investments — marketable securities (note 3) | 11,600,442 | 4,157,792 |
| Accounts receivable (less reserves for doubtful accounts: 1961 — \$3,107,391; 1960 — \$3,990,301). | 108,055,386 | 86,676,667 |
| Inventories (note 4) | 161,574,829 | 168,415,161 |
| | <u>\$ 326,497,124</u> | <u>\$301,912,843</u> |
| CAPITAL ASSETS (note 4): | | |
| Plants and properties | \$1,025,293,549 | \$976,640,377 |
| Less: Reserves for depreciation | 552,123,943 | 508,387,225 |
| Net plants and properties | <u>\$ 473,169,606</u> | <u>\$468,253,152</u> |
| Woodlands — net | 102,820,900 | 105,235,727 |
| Funds segregated for U. S. capital expenditures | 36,207,072 | 26,794,356 |
| Investments | 18,089,113 | 9,535,631 |
| | <u>630,286,691</u> | <u>609,818,866</u> |
| OTHER ASSETS AND DEFERRED CHARGES: | | |
| Receivables — not current | \$ 7,169,152 | \$ 8,313,361 |
| Prepaid insurance, taxes and power rentals | 2,972,206 | 4,158,679 |
| Deferred charges | 12,005,189 | 5,826,516 |
| | <u>22,146,547</u> | <u>18,298,556</u> |
| TOTAL | <u><u>\$ 978,930,362</u></u> | <u><u>\$930,030,265</u></u> |

NOTES:

1. Foreign assets and liabilities included above, substantially all Canadian, are in general stated at parity with the U. S. dollar.
2. Working capital of foreign subsidiaries amounted to \$80,741,410 at December 31, 1961 and \$77,091,744 at December 31, 1960.

Liabilities and Shareholders' Equity

| | At December 31 | |
|--|-----------------------------|-----------------------------|
| | 1961 | 1960 |
| CURRENT LIABILITIES (note 2): | | |
| Accounts and notes payable | \$ 67,154,353 | \$ 51,957,692 |
| Accrued income taxes — | | |
| U. S. Federal and State | 38,231,437 | 46,891,354 |
| <i>Less: Securities issued or guaranteed by U. S. or State</i> | | |
| Governments (note 3) | (38,231,437) | (46,891,354) |
| Canadian and other foreign | 9,294,058 | 8,119,569 |
| Other accruals | 30,634,145 | 25,634,759 |
| | <u>\$107,082,556</u> | <u>\$ 85,712,020</u> |
| RESERVES: | | |
| Insurance | \$ 2,810,364 | \$ 3,522,904 |
| Contingencies | 5,035,552 | 4,835,626 |
| | <u>7,845,916</u> | <u>8,358,530</u> |
| SHAREHOLDERS' EQUITY: | | |
| Cumulative \$4 preferred stock, no par value (outstanding | | |
| shares: 1961 — 171,040; 1960 — 184,860; note 4) | \$ 17,104,000 | \$ 18,486,000 |
| Common stock, \$2.50 par value (outstanding shares: | | |
| 1961 — 41,701,853; 1960 — 40,827,825; note 4) | 104,254,633 | 102,069,563 |
| Capital from conversion of 5% preferred stock | 40,430,070 | 40,430,070 |
| Capital surplus | 371,536,582 | 343,859,338 |
| Retained earnings | 330,676,605 | 331,114,744 |
| | <u>864,001,890</u> | <u>835,959,715</u> |
| TOTAL | <u><u>\$978,930,362</u></u> | <u><u>\$930,030,265</u></u> |

NOTES (Continued):

3. These securities are stated at cost which approximates market value.
4. For particulars at December 31, 1961 see Schedules on pages 32 through 34, viz: Schedule A — Inventories; Schedule B — Plants and Properties; Schedule C — Woodlands; Schedule D — Investments; Schedule E — Capital Stocks.

SCHEDULE A — Inventories, December 31, 1961

Raw materials:

| | | |
|---|-------------------|-------------------|
| Pulpwood and saw logs at mills | \$28,238,231 | |
| Logging operations in process | 16,110,996 | |
| Other raw materials | <u>12,130,407</u> | \$ 56,479,634 |
| Repair materials and other operating supplies | | <u>28,579,928</u> |

Finished products:

| | | |
|--|-------------------|----------------------|
| Paperboard, paper, market pulp, etc. | \$46,955,141 | |
| Lumber, plywood and lumber products at manufacturing plants | <u>12,263,606</u> | 59,218,747 |
| Merchandise at retail building-material stores, etc. | | <u>17,296,520</u> |
| Total | | <u>\$161,574,829</u> |

Inventories were priced generally on the following bases: (a) raw materials, finished paperboard, paper, market pulp, etc., and lumber at manufacturing plants at the lower of cost (determined substantially under the last-in, first-out method) or market value; (b) repair materials and other operating supplies, lumber products and plywood at manufacturing plants at the lower of cost (first-in, first-out or average) or market value; and (c) merchandise at retail building-material stores, etc., at the lower of cost (first-in, first-out) or market value.

SCHEDULE B — Plants and Properties, December 31, 1961

| | Gross * | Reserves for Depreciation | Net |
|--|------------------------|------------------------------|----------------------|
| Paper and pulp mills | \$ 785,987,711 | \$449,301,278 | \$336,686,433 |
| Paper converting plants | 126,237,777 | 48,079,360 | 78,158,417 |
| Sawmills, plywood and lumber product plants | 63,682,780 | 37,204,682 | 26,478,098 |
| Woods plant and equipment, less amortization and depreciation | 14,714,927 | — | 14,714,927 |
| Other properties | <u>34,670,354</u> | <u>17,538,623</u> | <u>17,131,731</u> |
| Total † | <u>\$1,025,293,549</u> | <u>\$552,123,943</u> | <u>\$473,169,606</u> |

* Stated substantially at cost of acquisition or construction.

† Respective totals include following amounts for plants and properties owned by foreign subsidiaries (principally Canadian): Gross, \$286,338,658; Reserves for Depreciation, \$184,181,889; and Net, \$102,156,769.

SCHEDULE C — Woodlands, December 31, 1961

| UNITED STATES: | Acres * | Amount † |
|---|------------|---------------|
| Owned in fee | 5,538,315 | \$ 73,794,800 |
| Held under lease or contract rights | 352,966 | 15,051,542 |
| Total — United States | 5,891,281 | \$ 88,846,342 |
| CANADA: | | |
| Owned in fee | 1,254,390 | \$ 5,343,947 |
| Held under Government license | 14,879,103 | 8,630,611 |
| Total — Canada | 16,133,493 | 13,974,558 |
| TOTAL | 22,024,774 | \$102,820,900 |

* As reported by the Companies.

† Stated at cost of acquisition after deducting depletion and write-offs and sales of property and stumpage.

SCHEDULE D — Investments, December 31, 1961

| | |
|---|----------------|
| Securities of non-consolidated affiliated companies — at cost | \$16,042,256 * |
| U. S. Government and municipal securities — at cost | 1,269,868 † |
| Other securities — at cost | 776,989 § |
| Total | \$18,089,113 |

* No market quotations available.

† Approximate market value at December 31, 1961 was \$1,157,000.

§ Includes (a) securities carried at \$329,805 which had an approximate market value at December 31, 1961 of \$7,969,000 and (b) securities carried at \$447,184 for which no market quotations were available.

SCHEDULE E — Capital Stocks, December 31, 1961

| | Shares Issued | Shares in Treasury | Held by the Public | |
|---|------------------|-----------------------|--------------------|---------------|
| | | | Shares | Amount |
| Cumulative \$4 preferred stock, no par value* — authorized 400,000 shares | 230,579 | 59,539 | 171,040 | \$ 17,104,000 |
| Common stock, \$2.50 par value — authorized 72,000,000 shares†§ | 41,770,225 | 68,372 | 41,701,853 | 104,254,633 |

* At the Company's option the preferred stock is redeemable on 30 to 60 days' notice at \$105 a share.

† The Company has an Incentive Stock Option Plan for Key Employees. Rights to purchase 20% of the shares covered by each option accrue to the optionee on each of the first five anniversaries of the date of grant and continue to the tenth anniversary subject to earlier termination due to termination of employment. The following changes in unissued shares reserved under the Plan occurred in 1961:

| | Under Option | Available for Grant |
|---|-----------------|------------------------|
| Balance at January 1, 1961 | 484,764 | 187,049 |
| Changes during 1961 — add or deduct: | | |
| Shares for which options were granted | 185,100 | (185,100) |
| Shares issued on exercise of options | (56,439) | — |
| Shares added by 2% stock dividend | 12,120 | 282 |
| Shares applicable to options terminated | (7,361) | 7,361 |
| Balance at December 31, 1961 | 618,184 | 9,592 |

The original option price under each option was 95% of the last sale price on the New York Stock Exchange on the date of grant. Prices on options outstanding at December 31, 1961, adjusted for the stock split and stock dividends subsequent to grant dates, ranged from \$12.34 to \$35.33 per share, and averaged \$31.96.

§ Under the terms of the November 5, 1956 merger of The Long-Bell Lumber Company and The Long-Bell Lumber Corporation into International Paper Company, 49,997 International Paper \$7.50 par value common shares were reserved to protect International Paper against expense and loss on account of Federal taxes of The Long-Bell Lumber Company for 1942 to 1949, both inclusive, and for 1952, and against a lawsuit which had been brought by Harbor Plywood Corporation. Provision was made to adjust the number of such reserved shares (a) by deduction from time to time of shares equivalent in market value to payments made to meet applicable costs and expenses in connection with such taxes and lawsuit and (b) for any stock dividends, stock splits or stock consolidations. Certificates for 49,997 units of Contingent Interest were issued to represent the right to receive pro rata such reserved shares, if any, as might remain after final disposition of the tax and lawsuit matters, together with a payment appropriate to reflect cash dividends paid since the merger.

The lawsuit was settled in February 1958 for \$2,000,000, of which \$750,000 was charged against the reserved shares. Final determination of the tax matter was received in January 1962 but did not give rise to any reduction in the number of reserved shares.

After adjustments for the three-for-one split and for stock dividends and deductions to reflect \$750,000 of the \$2,000,000 paid in full settlement of the lawsuit, legal bills and other applicable expenses in connection with the lawsuit and the tax matter, a final balance of 122,575.54 reserved shares remained. Distribution of these remaining shares against surrendered Certificates of Contingent Interest began on February 23, 1962. A cash payment is being made to each Certificate holder in lieu of any fractional share accruing to him and consequently the shares represented by such fractional interests will not be issued. Cash payments are also being made in an amount equal to the cash dividends which would have been paid since the date of the merger on the full shares distributed.

Consolidated Summary of Financial Operations

For Year Ended December 31, 1961

FUNDS AVAILABLE:

| | | |
|--|-------------------|---------------------|
| Net earnings for the year | | \$72,002,094 |
| Less: Cash dividends — | | |
| On \$4 preferred stock | \$ 711,950 | |
| On common stock | <u>43,112,668</u> | <u>43,824,618</u> |
| Retained earnings | | \$28,177,476 |
| Non-cash charges for depreciation and depletion deducted | | |
| in arriving at net earnings | | <u>59,247,511</u> |
| | | <u>\$87,424,987</u> |

APPLIED AS FOLLOWS:

| | | |
|---|------------------|---------------------|
| Invested in plants and properties — net | \$55,452,023 | |
| Invested in woodlands — net | 6,297,115 | |
| Invested in jointly owned companies, etc. — net | 8,553,482 | |
| Increase in funds segregated for U. S. capital expenditures | 9,412,716 | |
| Other items — net | <u>4,495,906</u> | <u>84,211,242</u> |
| RESULTING IN INCREASE IN NET WORKING CAPITAL (see page 24). | | <u>\$ 3,213,745</u> |

CONSOLIDATED EARNINGS DATA (000 Omitted)

| | <i>including Long-Bell (note 1)</i> | | | |
|--------------------------------------|-------------------------------------|------------------|------------------|---------------------|
| | 1961 | 1960 | 1959 | 1958 ⁽²⁾ |
| Sales | \$1,044,776 | \$1,012,648 | \$1,030,209 | \$915,143 |
| Other Income — Net | \$ 13,518 | \$ 2,451 | \$ 3,035 | \$ 4,396 |
| Depreciation and Depletion | \$ 59,248 | \$ 59,385 | \$ 57,434 | \$ 47,595 |
| Provision for Income Taxes | \$ 62,543 | \$ 68,848 | \$ 77,545 | \$ 67,505 |
| Net Earnings | <u>\$ 72,002</u> | <u>\$ 71,668</u> | <u>\$ 83,611</u> | <u>\$ 72,001</u> |

CASH DIVIDENDS PAID (000 Omitted)

| | | | | |
|--|------------------|------------------|------------------|------------------|
| On Preferred Stock | \$ 712 | \$ 770 | \$ 838 | \$ 896 |
| On Common Stock | 43,112 | 40,730 | 39,341 | 38,317 |
| On Long-Bell and Lord Baltimore Stocks | — | — | — | — |
| Total | <u>\$ 43,824</u> | <u>\$ 41,500</u> | <u>\$ 40,179</u> | <u>\$ 39,213</u> |

STOCK DIVIDENDS PAID

2%

2%

2%

2%

STATISTICS PER SHARE OF COMMON STOCK (Note 4)

| | | | | |
|--------------------------------------|---------------|---------------|---------------|---------------|
| Provision for Income Taxes | <u>\$1.50</u> | <u>\$1.65</u> | <u>\$1.86</u> | <u>\$1.63</u> |
| Net Earnings | <u>\$1.71</u> | <u>\$1.70</u> | <u>\$1.99</u> | <u>\$1.71</u> |

NOTES:

1. The merger of The Long-Bell Lumber Corporation and The Long-Bell Lumber Company into International Paper Company in November 1956 was reflected in the accounts of the Company in accordance with the pooling-of-interests principle of accounting. For comparative purposes figures for the year 1955 are shown both on the original basis and restated to include the operating results of Long-Bell.
2. In March 1958 common shares of the Company were issued in exchange for all outstanding shares of The Lord Baltimore Press, Incorporated. This transaction also was reflected in the accounts of the Company on the pooling-of-interests principle. Figures for the year 1957 were restated to include the operating results of Lord Baltimore.

| | | | <i>excluding Long-Bell (note 1)</i> | | | |
|---------------------|-----------|-----------|-------------------------------------|--------------------------|--------------------------|-----------|
| 1957 ⁽²⁾ | 1956 | 1955 | 1955 | 1954 | 1953 | 1952 |
| \$956,767 | \$969,618 | \$916,138 | \$796,422 | \$681,171 | \$673,508 | \$631,421 |
| \$ 1,311 | \$ 5,132 | \$ 5,196 | \$ 3,112 | \$ 2,367 | \$ 3,091 | \$ 2,881 |
| \$ 50,711 | \$ 47,838 | \$ 44,265 | \$ 38,064 | \$ 31,802 | \$ 25,452 | \$ 21,932 |
| \$ 71,854 | \$ 88,007 | \$ 89,645 | \$ 84,390 | \$ 68,971 | \$ 80,617 | \$ 91,563 |
| \$ 79,435 | \$ 86,628 | \$ 92,685 | \$ 83,105 | \$ 73,490 ⁽³⁾ | \$ 63,935 ⁽³⁾ | \$ 52,126 |
| | | | | | | |
| \$ 913 | \$ 920 | \$ 920 | \$ 920 | \$ 920 | \$ 920 | \$ 920 |
| 36,784 | 33,694 | 31,450 | 31,450 | 29,760 | 27,367 | 26,700 |
| 223 | 2,488 | 3,324 | — | — | — | — |
| \$ 37,920 | \$ 37,102 | \$ 35,694 | \$ 32,370 | \$ 30,680 | \$ 28,287 | \$ 27,620 |
| | | | | | | |
| 3% | 3% | 5% | 5% | 5% | 10% | — |
| | | | | | | |
| \$1.74 | \$2.16 | \$2.21 | \$2.25 | \$1.85 | \$2.17 | \$2.46 |
| \$1.90 | \$2.11 | \$2.27 | \$2.19 | \$1.95 ⁽³⁾ | \$1.69 ⁽³⁾ | \$1.38 |

NOTES (Continued):

- Net earnings include \$6,014,162 in 1954 and \$5,392,960 in 1953 and net earnings per share include \$.16 in 1954 and \$.14 in 1953, in each case previously reported as extraordinary items.
- Computed on the following number of \$2.50 par value shares: 41,701,853 for 1961; 41,644,382 for 1960; 41,615,928 for 1959; 41,471,862 for 1958; 41,355,526 for 1957; 40,655,556 for 1956; 40,496,740 for 1955 including Long-Bell; 37,570,456 for 1955 excluding Long-Bell; 37,236,849 for 1954; and 37,184,133 for all prior years.

CONSOLIDATED BALANCE SHEET STATISTICS (000 Omitted)

(AT DECEMBER 31)

| | <i>including Long-Bell (note 1)</i> | | | |
|--|-------------------------------------|------------------|------------------|------------------|
| | 1961 | 1960 | 1959 | 1958 |
| ASSETS (less current liabilities): | | | | |
| Current assets — | | | | |
| Cash and equivalent | \$ 56,867 | \$ 46,821 | \$ 66,281 | \$ 74,152 |
| Receivables — net | 108,055 | 86,677 | 93,760 | 73,414 |
| Inventories | 161,575 | 168,415 | 157,644 | 141,336 |
| Total current assets | \$326,497 | \$301,913 | \$317,685 | \$288,902 |
| Less: Current liabilities | 107,083 | 85,712 | 86,795 | 74,873 |
| Working capital | \$219,414 | \$216,201 | \$230,890 | \$214,029 |
| Capital assets — | | | | |
| Plants and properties — net | \$473,170 | \$468,253 | \$421,424 | \$410,663 |
| Woodlands — net | 102,821 | 105,236 | 110,333 | 113,566 |
| Funds segregated | 36,207 | 26,794 | 27,929 | 15,380 |
| Investments | 18,089 | 9,536 | 7,290 | 1,935 |
| Total capital assets | 630,287 | 609,819 | 566,976 | 541,544 |
| Other assets and deferred charges | 22,147 | 18,299 | 16,557 | 14,011 |
| TOTAL | \$871,848 | \$844,319 | \$814,423 | \$769,584 |
| RESERVES AND SHAREHOLDERS' EQUITY: | | | | |
| Reserves | \$ 7,846 | \$ 8,359 | \$ 7,765 | \$ 7,307 |
| Shareholders' equity — | | | | |
| Preferred | 17,104 | 18,486 | 19,976 | 21,835 |
| Common | 846,898 | 817,474 | 786,682 | 740,442 |
| TOTAL | \$871,848 | \$844,319 | \$814,423 | \$769,584 |
| EQUITY PER COMMON SHARE⁽²⁾ | \$20.31 | \$19.63 | \$18.90 | \$17.85 |

NOTES:

1. See notes 1 and 2 on page 36.

2. See note 4 on page 37.

excluding Long-Bell (note 1)

| 1957 ⁽¹⁾ | 1956 | 1955 | 1955 | 1954 | 1953 | 1952 | 1951 |
|---------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| \$ 65,477 | \$ 54,731 | \$ 74,381 | \$ 61,035 | \$ 63,887 | \$ 69,652 | \$ 49,136 | \$ 35,997 |
| 63,399 | 65,787 | 65,509 | 52,532 | 43,768 | 34,002 | 35,767 | 39,048 |
| 135,358 | 138,468 | 111,152 | 88,847 | 90,907 | 82,603 | 85,620 | 81,016 |
| \$264,234 | \$258,986 | \$251,042 | \$202,414 | \$198,562 | \$186,257 | \$170,523 | \$156,061 |
| 68,890 | 72,733 | 66,528 | 60,451 | 47,447 | 43,624 | 45,293 | 49,575 |
| \$195,344 | \$186,253 | \$184,514 | \$141,963 | \$151,115 | \$142,633 | \$125,230 | \$106,486 |
| \$401,285 | \$353,004 | \$289,359 | \$270,111 | \$238,911 | \$212,500 | \$207,491 | \$197,986 |
| 102,391 | 102,622 | 76,788 | 61,210 | 65,088 | 48,482 | 45,409 | 44,702 |
| 17,869 | 22,247 | 61,588 | 61,588 | 20,168 | 26,895 | 25,631 | 30,097 |
| 1,939 | 1,849 | 1,825 | 1,707 | 5,342 | 20,632 | 17,667 | 14,443 |
| 523,484 | 479,722 | 429,560 | 394,616 | 329,509 | 308,509 | 296,198 | 287,228 |
| 16,892 | 18,772 | 18,735 | 15,027 | 13,331 | 12,661 | 4,828 | 4,412 |
| \$735,720 | \$684,747 | \$632,809 | \$551,606 | \$493,955 | \$463,803 | \$426,256 | \$398,126 |
| \$ 7,294 | \$ 7,493 | \$ 7,372 | \$ 6,187 | \$ 6,229 | \$ 19,536 | \$ 17,638 | \$ 14,014 |
| 22,640 | 23,000 | 23,000 | 23,000 | 23,000 | 23,000 | 23,000 | 23,000 |
| 705,786 | 654,254 | 602,437 | 522,419 | 464,726 | 421,267 | 385,618 | 361,112 |
| \$735,720 | \$684,747 | \$632,809 | \$551,606 | \$493,955 | \$463,803 | \$426,256 | \$398,126 |
| \$17.07 | \$16.09 | \$14.88 | \$13.91 | \$12.48 | \$11.33 | \$10.37 | \$9.71 |

SUMMARY OF PRODUCTION (tons)

| Year | Paperboard and Paper | Market Pulp | Total |
|----------------|-------------------------|----------------|-----------|
| 1961 | 4,087,181 | 768,347 | 4,855,528 |
| 1960 | 4,033,754 | 675,782 | 4,709,536 |
| 1959 | 4,087,308 | 646,932 | 4,734,240 |
| 1958 | 3,726,766 | 612,182 | 4,338,948 |
| 1957 | 3,848,373 | 709,682 | 4,558,055 |
| 1956 | 3,974,129 | 770,367 | 4,744,496 |
| 1955 | 3,739,961 | 773,001 | 4,512,962 |
| 1954 | 3,457,642 | 570,385 | 4,028,027 |
| 1953 | 3,551,407 | 522,753 | 4,074,160 |
| 1952 | 3,427,752 | 391,477 | 3,819,229 |

STATUS OF EMPLOYEES' RETIREMENT PLANS

At December 31, 1961 a total of 34,144 employees, representing approximately 89% of those eligible, were enrolled under the retirement plans of the United States and Canadian companies and 3,141 retired employees were receiving benefits. The funds of the plans are not part of the assets of the Companies.

| | <i>Year 1961</i> | <i>Total to December 31, 1961</i> |
|---|----------------------|---------------------------------------|
| Balance of funds — beginning of periods | \$141,029,366 | \$ — |
| Contributed by the Companies: | | |
| For prior service benefits* | \$ 371,365 | \$ 13,681,859 |
| For current service benefits | 7,700,341 | 76,212,841 |
| Total contributions by the Companies | 8,071,706 | 89,894,700 |
| Contributed by employees | 5,805,170 | 52,407,643 |
| Earned by funds — net | 6,347,907 | 33,837,889 |
| | \$161,254,149 | \$176,140,232 |
| Less: Paid for retirement allowances and purchase of annuities | 3,578,664 | 18,464,747 |
| Balance of funds — December 31, 1961 | <u>\$157,675,485</u> | <u>\$157,675,485</u> |

* The Company expects to continue contributions toward the unfunded portion (estimated at \$444,000 at January 1, 1962) of the cost of past service benefits under the Long-Bell Plan.

The papers used for this report and for the envelope in which it was mailed were made at International Paper Company mills.

THE COVER

Springhill® Coated Cover-Bristol, a product of our Moss Point, Mississippi mill, has had an enthusiastic reception from the printing trade since its introduction a year ago, when it was used for the cover of our 1960 Annual Report.

THE TEXT PAGES

A new offset paper made at our Tonawanda, New York mill.

THE ENVELOPE

Gator-Hide® White Envelope, a tough bleached-kraft paper with a fine printing surface, made at our Mobile, Alabama mill.

Both the report and envelope were printed in offset lithography. The cover of the report was varnished. Your special attention is called to the black-and-white photographs, which have been reproduced by a new process involving two black impressions.

PRINTED IN U.S.A.



“WE GROW TREES FOR TOMORROW’S FORESTS”

INTERNATIONAL PAPER COMPANY and its affiliates:

Canadian International Paper Company and New Brunswick International Paper Company



AR36

MAY 29 1962

Multiple Use of the Forests

A PROGRESS REPORT FROM
INTERNATIONAL PAPER COMPANY

“Multiple use has been tried in both the United States and Canada. Most informed and thoughtful people who are concerned with the long-range contributions the forests can make to the economic, social and spiritual lives of our nations support this approach to the question of forest land use.”

JOHN H. HINMAN

From an Address before a Joint Meeting of the Canadian Institute of Forestry and the Society of American Foresters, October 11, 1961



FRONT COVER Young canoeists have enjoyed the wild and unspoiled Allagash River in Northern Maine every summer for generations. Its often-tumultuous waters flow through hundreds of thousands of acres of privately owned forests, which have been logged for forest products for over 100 years.

Multiple Use of the Forests

EVER SINCE colonial days, North Americans have looked to their forests as a source of many of their most essential needs. Over the years the role of the forest has changed as our economy and our society have changed, but there has never been a time when the North American forests were not recognized as essential to the growth and development of the United States and Canada.

The International Paper Companies, ever since 1898, have managed large forest areas. Today almost 22,000,000 acres in the United States and Canada are under our long-range management for sustained yield of successive timber crops. But these forests are managed to produce other values as well — values that are fully compatible with the growth and harvesting of timber. Company policy has long recognized that well-managed forests prevent erosion in many important watershed areas. We recognize that many forms of wildlife find food and shelter in healthy, growing forests that they cannot find in unmanaged, overmature wilderness stands. And we recognize particularly the many opportunities for public recreation that are offered in the forest-covered hills, the lakes and the streams in these acres. Accessibility is really the key to forest recreation, and managed forests are accessible through their system of logging and fire-protection roads and trails.

Both in the United States and Canada our land-management programs are designed to develop the full potential of these lands for all these purposes. We call this “management for multiple use” — for timber harvests, watershed protection, wildlife protection and for recreation.

This report is directed to shareholders of International Paper, to our customers and to all who are interested in wise use of natural resources. It describes in text and pictures some of the many ways in which I-P forest managers have achieved multiple use of the acres under their management. Our programs are

not unique. The United States Forest Service has been a pioneer in the development of multiple-use forest-management programs, and today leading companies in the wood-using industries and many private landowners follow similar policies.

Some of our programs described here are new; some were going on before 1900. We hope you will find this presentation of forest management for multiple use an interesting case history of how our Companies have developed policies and programs to serve the broad interests of the people of the United States and Canada as well as those of our shareholders and customers.

Modern forest managers grow more than they cut. This well-stocked Southern stand of pine is under intensive management by I-P foresters for the maximum production of timber crops.



Mechanical planters can set out 1,000 pine seedlings an hour and are being widely used to bring abandoned farms back into production with timber crops.



THE TIMBER HARVEST

UNTIL RECENT YEARS wood was chiefly lumber and fuel. Then we learned how wood-cellulose fibers might be refined and rearranged to become paper. Today scientists can use the basic cellulose molecules and fibers of wood to produce not only papers of astonishing versatility but plastics and textile fibers as well. Wood can be reconstituted into plywood, laminated panels and boards of a multitude of compositions and purposes. And the technological revolution has only begun — the complex chemistry of wood by-products is just beginning to be probed.

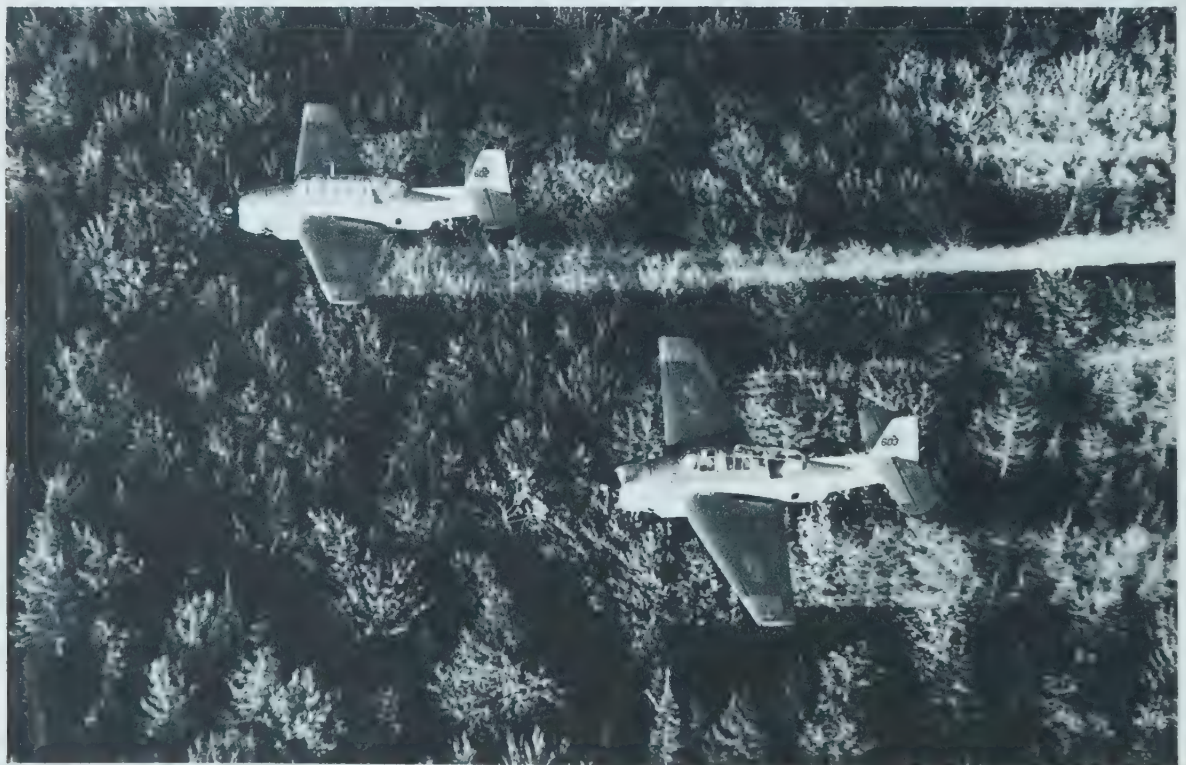
Wood has been called “the universal raw material.” To supply this raw material in the ever increasing quantities our economy demands is the challenge of the forest manager. It is the primary purpose of the managed forest today.

As our wood economy has developed, as land values have increased and the demand for wood has climbed, the forests of North America have been recognized as a renewable asset. With the modern science of forest management, we no longer cut the forest and move on — we are growing trees as a crop, protecting them from fire, insects and disease. We are learning more about forest dynamics and the science of silviculture. We are learning how to improve our stands of timber and their rate of growth.

The forests can continue to meet the demand for increasing harvests of timber and maintain at the same time the favorable balance of growth over drain that has been re-established in recent years. The key to the problem is the achievement of maximum economic production of timber crops from every acre of suitable forest land, private and public, to meet the expanding needs of our growing nations.



Fire, insects and disease threaten hundreds of thousands of forest acres annually in North America. Industry forest managers working with state, provincial and federal agencies are winning their battle against these enemies in many areas. During dry spells and periods of high hazard, this fire-lookout tower (left) is manned day and night. Another enemy of the forest is the insect. Below, two planes fly at treetop level to spray insecticides over a Canadian forest threatened by an epidemic of the spruce budworm. More than 9,000,000 heavily infested acres in Eastern Canada alone have been saved from destruction by modern aerial spraying.



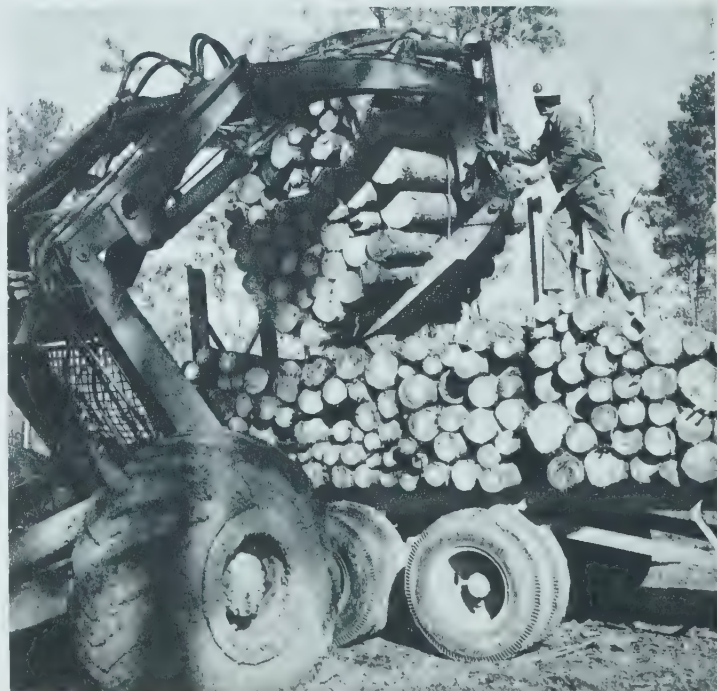


This is a seed orchard. Each of these trees has been grafted from a superior forest tree. Its flowers are protected and artificially pollinated, and seeds from the cones are carefully collected. The aim is not only fast-growing trees but also disease-and-insect-resistant trees. Since the grafts are taken from mature trees, they will flower and bear cones close to the ground, where specialists in forest genetics can conduct their experiments.

AS THE WELL-KNOWN Southern editor, Jonathan Daniels, has said, “the mule is a memory” in Southern logging today. First the power saw and now great diesels and hydraulically operated machines are taking over the backbreaking job of felling and bucking timber. Mechanization is bringing better trained men and better forest practices into the woods.



The mechanical harvester (above) and the pulpwood loader (right) work as a team. The harvester can fell a tree in a matter of seconds and cut it into bolts. More than a cord of wood can be carried in one load in the cradle in the rear and dropped in a single package at the roadside. Here the loader lifts an entire package in a giant bear hug and loads it easily and precisely on a trailer truck for the trip to the mill.





Logging methods vary from region to region. In the Northwest tremendous machines have been devised to load and haul the great Douglas fir and Ponderosa pine logs. But in Eastern Canada the colorful river drive persists. Each spring catfooted lumberjacks still drive the year's cut down swollen streams, the most economical form of transport, to the waiting pulp and paper mills.



Melting slowly in the shade of this Northern forest, the snow will feed the brook gradually as spring warms the land. The water stored beneath this managed forest may someday serve a city or a region hundreds of miles away. Watersheds within such industry-managed forests conserve billions of gallons of water every year for man's use.

WATERSHED PROTECTION

OF ALL THE RESOURCES with which North America has been endowed, we may someday conclude that the most precious is our water supply.

We have ample water today in most parts of the United States and Canada. But there have been sharp periods of drought in some regions and disturbing indications of permanently developing water problems in others. The answer cannot be more water, because there will never be more water than there is today. The answer cannot be to use less water, for our economy and our standard of living demand more water for each of us every year. The answer is to use our water resources with increasing wisdom, to protect the vast land areas that serve as our watersheds so that the rain will be absorbed and stored for our use.

Managed forests of young, vigorously growing trees provide excellent watershed protection. The roots tie down soil that might otherwise wash away, while the litter of leaves, needles and twigs on the forest floor acts like a giant sponge to absorb rainfall and protect the surface from erosion. In the North and in the high mountains of the West the snow lies late under the forest canopy, releasing its moisture gradually during the spring to be absorbed and stored underground.

Forest managers have learned how good management can enhance the watershed function of any forested area, while protecting irreplaceable topsoil from erosion.

The dam below was built by I-P to impound fresh water for the Springhill, Louisiana mill. The result, Lake Erling, has become a popular recreation area. The beaver dam (right) also serves a purpose. Far upstream on an Adirondack brook, it holds back spring freshets and creates a tiny reservoir for dry periods.





This abused field (left) will wash and gully at every hard rain, robbing the land of precious soil and clogging streams with silt. But within a few years the seedlings being planted (above) will form a network of roots to tie down the soil and this cancerous gully will disappear.

WHEN TREES AND GROUND COVER are removed, or when poor farming methods wear out the land, precious topsoil lies exposed to erosion by wind and water. Once lost the soil takes years to replace. In many parts of the United States, particularly in the South, certain types of land have proven unsuitable for farming. Much submarginal farmland finds its best use in forests where the interlocking network of roots and the protective litter of leaves, needles and twigs covers and conserves the threatened topsoil.

A gullied field — 15 years later. Today rain simply soaks through the protective litter of pine straw into this once-worthless field. The pine plantation has completely checked the gully, in which the forester is kneeling, that once threatened destruction.



A covey of quail under a
young pine in an I-P plantation.



WILDLIFE PROTECTION

TIMBER AND GAME have been called the twin crops of modern forest management. Good forest management is generally good wildlife management.

Wildlife needs food, cover, water and freedom from excessive disturbance — all of which the managed forest provides. Certain timber-management practices may favor certain species of animal and bird life. But the small plants, shrubs and sprouts, the vines and the bushes that provide food and shelter for a great many of our North American wildlife species thrive in the open areas where new growth is getting started following forest harvests.

Wildfire, of course, is the enemy of all the forest — of trees and wildlife alike. Where forests have been protected — where there are transitions from vigorously growing stands to open areas and protective thickets — the resurgence of wildlife that has been noted in many parts of North America in recent years is apt to occur.

In the same way, the ponds and waterways within the managed forest have dependable sources of groundwater and are unlikely to become silted by heavy runoff. Fish and waterfowl thrive in these clear waters, while the year-round flow of springs and brooks provides water for other species of birds and animals.

Quite contrary to widely held belief, the overmature forest, the wilderness, does not provide ideal game habitat. Without space and light it is incapable of supporting the variety of small plants used as food by most desirable types of wildlife. For example, it is estimated today that the deer population in the Eastern, Southern and Northwestern sections of the United States and in Eastern Canada is markedly higher than when the early settlers first came to our virgin wilderness. Favorable changes in habitat have resulted from man's opening up of these forests.

Our Companies feel that cooperative programs of wildlife management and game habitat improvement at the state and provincial levels have become an important part of any modern program of industrial land management.

A brush cutter prepares this pine plantation for seeding special food plants used by forest game such as quail and wild turkeys. This plantation is being developed by the Florida Game and Fresh Water Fish Commission as a Wildlife Management Area under lease from I-P. Our foresters will continue to plant, grow, protect and eventually harvest timber in this area.





Many game species have made a remarkable resurgence in recent years as habitat conditions improved due in part to modern forest management. Wild turkeys, for example, are reappearing in many Southern and Eastern states as their natural food supplies are re-established. Above, tracks in early morning snow in Maine's Allagash country lead to an abandoned **I-P** logging camp where a fisher and a fox have gone to hunt mice.



A newborn elk staggers to his feet for his first steps on a Long-Bell Tree Farm in Washington. The anxious mother nearby soon rejoined her youngster. Below, a moose, largest of all North American game species, browses on water-plant roots in a lake near a **C-I-P** logging camp. Foresters report that moose often use logging roads and trails in preference to the dense woods, and seem little affected by normal harvesting operations.



Knowing what kind of fish and approximately how many of each species live in a lake is a prerequisite to effective fish management. Here, representatives of the Louisiana Wildlife and Fisheries Commission pay out a seine in Bussey Brake, one of I-P's freshwater reservoirs near Bastrop, Louisiana. The fish that are collected within the seine are tabulated by species. Repeated samplings enable the Commission's experts to prepare a management plan for the lake, planting game fish if necessary or perhaps first taking steps to eliminate "rough" species. Similar cooperative programs are being carried out in other parts of the United States and Canada.



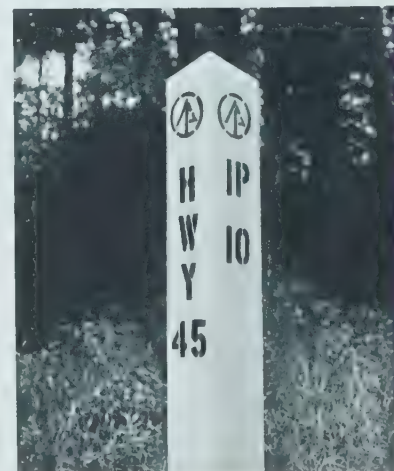
A curious habit common to bears when they awaken in the spring after their winter's hibernation is stripping the bark from trees. This can be a serious problem to foresters in some areas. Two hikers in a Maine forest (left) examine a mature spruce that has been killed by a bear. Note height of bear's reach compared to boy.

This managed stand of Eastern hemlock, white pine and red spruce in Maine has been cut selectively and continuously for 150 years. Dense shade under the closed canopy of mature trees in the foreground has prevented the growth of small plants used as food by many game species. In the background, where mature trees have been harvested, the open sunlit area will offer growing space for these plants.





Modern forest management depends on roads — roads for harvesting, for fire protection and for access for a variety of purposes. In areas where wood harvests have been conducted, there is generally a network of company-built roads. For many years International Paper and most other companies in the wood-using industries have been glad to permit public use of such roads. Occasionally roads may be closed during periods of high fire hazard or when logging operations might endanger the public or during periods of bad weather. In some places moderate fees are charged. Industry-managed forest lands, made accessible by company-built roads and trails, as in photo above, provide a great reservoir of recreational opportunities for the citizens of the United States and Canada.



RECREATION

WHILE THE TIMBER HARVEST will always be the most important of the multiple uses of industry-managed forest areas, outdoor recreation is increasingly being recognized as an important land use.

The citizens of the United States and Canada love the outdoors. As there are more and more millions of us, as we have more leisure time and increased mobility, more of us look to the forest as the ideal place to spend a weekend or a vacation.

Some of us want to hunt and fish; some prefer hiking, camping, picnicking or perhaps canoe trips through the unspoiled lakes and waterways of large managed forest areas; some seek winter sports or other special activities. Today, and increasingly in the future, much of this activity will be on lands made available by industry.

To meet the growing demand for outdoor recreation in North America we need more accessible forest areas close to population centers — areas that can be reached by car, areas where the needs of the public have been anticipated. Forest lands, both private and public, that are managed for multiple use are accessible over the roads and trails maintained for management purposes. These lands serve a public purpose that cannot be met by inaccessible wilderness areas devoted to single-purpose use.

For many years the major forest-products companies in the United States and Canada have recognized the need to permit public recreation on commercial forest lands. Generally there is no attempt to impose controls over public use of industry's far-flung forest areas. Hence there is no reliable way of measuring how widely these resources are used. But our Long-Bell Division, which issues permits in some areas,



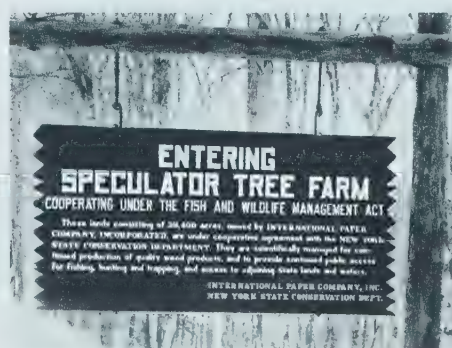
These roadside signs, typical of hundreds to be found throughout the Companies' operations in the United States and Canada, invite travelers to use these facilities, often with an accompanying fire-prevention message.

has reported that 12,550 sportsmen hunted on their Northwest Tree Farms during the 1961 season.

Every year more companies are reporting the installation of special facilities for the public; lands with special values are sold, leased or otherwise made available for recreational development; cooperative agreements are being entered into between companies and various public agencies responsible for outdoor recreation or wildlife management; water areas are opened up for water sports or improved for fishing or hunting. And throughout the industry company foresters are working with wildlife experts to adapt standard forest management and harvesting policies to give consideration to the improvement of wildlife habitat conditions.

Last year, in a nationwide survey of United States companies in the forest-products industry, it was found that more than 53,000,000 acres of privately owned forest lands were open to hunting, while more than 37,000 miles of streams and almost 750,000 acres of lakes within privately owned lands were open to the public for fishing or other water sports. In addition, cooperation with schools through the allocation of school forests and nature-study areas and work with such groups as Boy and Girl Scouts, 4-H Clubs, Future Farmers of America, boy and girl camps and others provide a contact with the outdoors for thousands of youngsters every year.

International Paper has always permitted public use of its land areas for recreational purposes. In the following pages some representative activities on Company-managed lands are illustrated.





This roadside picnic area is used by neighbors and travelers to enjoy a meal in the shade. At right, two hikers receive an informal lesson in wood-harvesting methods, and a young visitor (below) helps to keep our woods beautiful by picking up a carelessly discarded tin can.

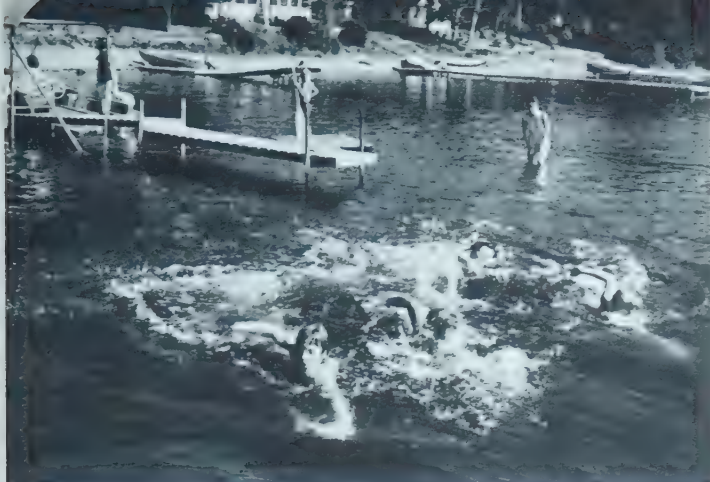




Water skiing is a favorite sport on Lake Erling, the Company's freshwater reservoir in Southern Arkansas. On a pleasant day people from neighboring communities come here by the hundreds to enjoy skiing, fishing and picnicking.



In Canada people are naturally drawn to the vast Provincial Crown Lands. Here a family has set up camp for a few days of fishing and outdoor living on a lake within C-I-P's managed forests.



For a great many years I-P has leased campsites on lakes and waterways in several states in the Northeast. These camps on Lake Madawaska in Northern Maine have been built by lessees on Company land, some of them more than 30 years ago. This lake, in the middle of I-P's 126,000-acre Fish River Tree Farm, is on a main road and ideally located to provide access to excellent fishing, hunting and water sports.

At Speculator, New York, a 30,000-acre I-P Tree Farm is open for public hunting and fishing in one of the first cooperative agreements under the state's Fish and Wildlife Management Act. In the 1961 deer-hunting season more than 8,000 hunters visited the area.



CANOEING through the lakes and down the white water of the Allagash River in Northern Maine is a never-to-be-forgotten wilderness experience. Each year groups of campers journey over logging roads to put in their canoes at the headwaters of the Allagash. Lands in the area, which have been logged continuously for more than 100 years, are managed by the private owners, including I-P, to preserve the scenic beauty and wilderness flavor of the area and to insure its unique appeal as a true working wilderness.

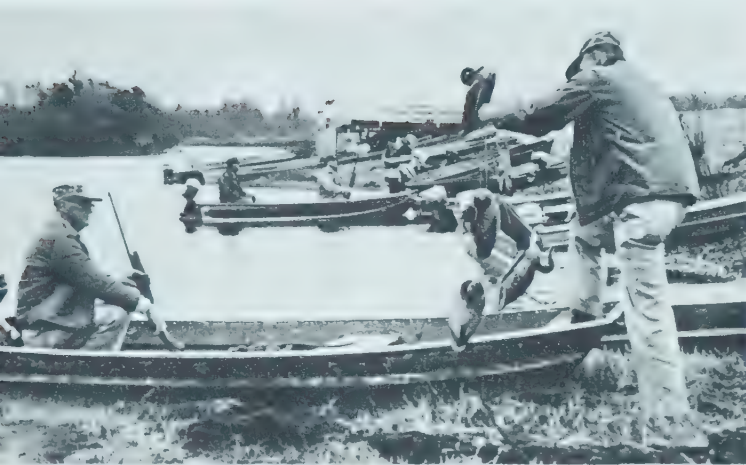




After a day of rugged poling through the rips and white water, a group of campers set up their tents and prepare their evening meal — which may include a couple of trout from a secluded pool. This is a true wilderness experience and campers must be prepared to bring all needed supplies and equipment for the entire trip. There are no stores on the Allagash — but there may be a glimpse of a moose or a mother bear with her cubs.



IN ANY LAND-MANAGEMENT PROGRAM there are bound to be many surprises. Several years ago in Louisiana, I-P constructed the largest waste-water treatment installation in the South at Wham Brake. The impounding reservoir stores diluted paper-mill waste awaiting release under suitable stream and temperature conditions. It has turned out to be a haven for thousands of ducks. A weed, locally known as duckweed and which is highly prized by ducks, thrives in the waste water. Result — one of the most popular duck-hunting areas in Northern Louisiana.



Hunters and ducks alike are welcome at Wham Brake. As many as 1,500 of our neighbors in nearby communities have enjoyed hunting here in a single day. Local officials of I-P have worked with local and state agencies to supervise hunting and develop necessary rules.





Quail are probably the favorite of all game birds in the South. Modern forest-management practices encourage the growth of food and cover in areas where timber has recently been harvested.

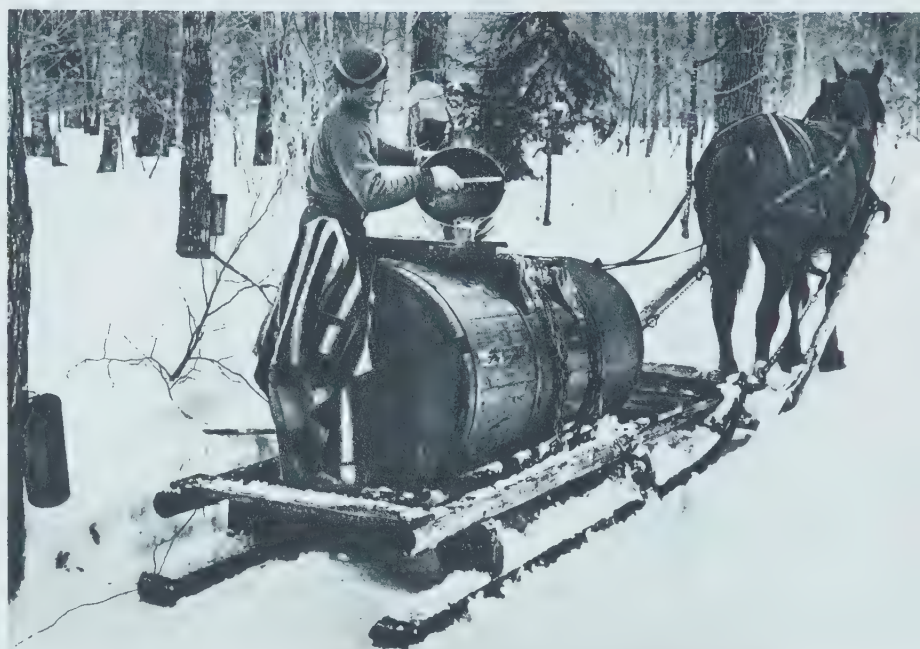
Skiing is one of the fastest-growing sports in North America. In recent years several outstanding ski sites have been leased by industrial landowners for private commercial development. This area is on **I-P** land near Rangeley, Maine. A new development on **I-P** property has been opened at Stratton, Vermont, and the Company is participating in still another area at nearby Londonderry.





Ice fishing is not often done by plane, but this fisherman in Northern Maine flew his ski-equipped plane to a nice catch of togue.

An early spring activity in the Northern woods is collecting sap from maple groves for processing into maple syrup and sugar. This is hard work in the deep spring snow, but when the sap is boiled all the neighbors gather for a sugaring-off party. Farmers and local processors have leased sugaring rights from I-P for many years.





Many high schools, particularly in the South, include forestry or nature-study projects as part of their curriculum. In many communities small stands of timber have been made available for use as School Forests. Above, a Company forester advises students from the Plain Dealing, Louisiana high school on their timber-management program. Right, biology classes, too, frequently use these plots for field studies.



SOME CONCLUSIONS

THERE ARE some incontestible facts that bear on this important question of land use:

1. There are going to be more and more people, but the amount of land available to support man's productive and other activities is limited.
2. To maintain our standard of living today, each one of us needs annually the food and fiber from 2½ acres of productive farm and forest land.
3. Every year over 1,000,000 acres of farm and forest land are lost forever through road, highway and airport construction; creation of new reservoirs; power and pipeline construction; government and industrial construction; and by our urban sprawl.

Land for agriculture will probably always carry a priority rating, but there is a day in the future, if today's shortsighted land-use policies persist, when our nations' demands for the products and services of the forests will exceed the productive ability of the diminishing forest lands.

But this day need not come.

In the preceding pages you have seen forests at work. Whether these pages illustrated timber production, conservation of our water resources, the remarkable resurgence of wildlife across our continent or simply people enjoying themselves in a forest setting, you were seeing forests at work.

The answer to our growing demand for the products and services of the North American forests is to put more of our forest acres to work. As we have seen, the forests can do more than one job at a time. This is the principle of multiple-use management. It is the policy under which our National Forests are administered and which has been universally adopted by industrial forest owners in the United States and Canada.

Techniques of forest management are improving. Today, according to government statistics, we have a favorable balance of wood growth over drain. If both private and public interests continue to support the theory of multiple-use forest management — if we resist attempts to set aside productive lands for unproductive single-use management, which destroys the economic base on which good forestry rests and which benefits only a few of us — the forests of North America can continue to achieve the greatest good for the greatest number.

If, on the other hand, further substantial withdrawals of productive forest land are made to create additional single-purpose wilderness areas, we shall only have brought closer the day when our needs exceed our means.

Our forests must be used — successive timber crops must be harvested, not left to blow down and rot; recreation areas must be developed for their most suitable use; wildlife must be encouraged; and our watersheds protected and expanded.

The International Paper Companies in the United States and Canada support this principle of multiple use for all the forests of North America. A growing number of people today have an interest in the forests — some economic, some recreational and some simply a longing for the spiritual values many find only in the out-of-doors. We welcome visitors to our forest lands. We urge these citizens to consider how multiple use can serve us all in terms of timber, water, wildlife and recreation.

THE PHOTOGRAPHS in this brochure were supplied by the following photographers and organizations: William Vandivert, New York, N. Y. — Front Cover, Inside Front Cover, Pages 2, 3, 4 top, 8, 10 right, 11, 12, 13, 14, 16 bottom, 17, 18 top, 19 right, 20 left, bottom center and right, 21 bottom left and right, 23, 24, 25, 27, 28, 29, 30, Back Cover; William W. Lavendar, Mobile, Alabama — Pages 5, 6, 9 left, 16 top, 18 bottom, 21 top, 22 top, 26; Canada Agriculture Science Service — 4 bottom; Long-Bell Division — Pages 7 top, 19 left; Malak, Ottawa — Pages 7 bottom, 15 bottom; New York State Conservation Department — 9 right; Kendall Dexter, Mobile, Alabama — 10 left; Abe Foss, Long-Bell Division — 15 top; George Holland, Corinth, New York — 20 top center; Office de Biologie, Quebec — 22 bottom.

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A snow-covered peak in Washington looms above an I-P forest managed for multiple use by our Long-Bell Division. Timber harvested from this area supports our new Chelatchie sawmill and plywood plant. Many of our neighbors use our logging roads to reach favorite hunting or fishing sites — or simply to enjoy the magnificent scenery, as this family is doing.